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# FINANCIAL TIMES

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World Business Newspaper

WEEKEND FEBRUARY 4/FEBRUARY 5 1995

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## Europeans resent pressure over Mexico rescue

Leading European finance officials are privately resentful at having been pressed by the US into backing a \$50m rescue package for Mexico. The UK, Germany, France, Belgium and the Netherlands governments abstained from the International Monetary Fund board decision to contribute \$17.5bn to the rescue. They considered the US was using other governments' money to pursue its own policy objectives in Mexico, and to bail out US institutions which stood to lose money. Page 3

**Leader for Italy's left:** Economics professor Romano Prodi, former head of Italian state industrial holding IRI, agreed to head a broad coalition of centre-left parties to fight the next election. Page 2

**Norway offers exploration blocks:** Western Europe's biggest oil producer offered 26 exploration blocks, easier conditions, and the opening of new acreage as part of Norway's second-biggest round of petroleum concessions in 25 years. Page 3; Moscow decree, Page 2

**Grozny air raids resume:** Russia bombed the south-east approaches to Grozny in a renewed attempt to wrest the region from Chechen separatists. Russian army open to attack. Page 2

**Polaroid axes jobs:** The US photography company will axe up to 800 jobs or 5 per cent of its workforce under a restructuring plan. Polaroid said this would mean a \$40m to \$60m first-quarter charge. Page 6

**Mark Thatcher accused of theft:** Mark Thatcher, son of Britain's former prime minister, Margaret Thatcher, is being accused of ransacking and stealing from the office of a Texas aviation fuel company. The allegations feature in a civil rights action filed in Houston by Jay Laughlin, a former business associate. Page 4

**Kingfisher chief's tax advice:** The personal tax advice of Kingfisher chief executive Sir Geoffrey Mulcahy and his wife has been paid for by the UK stores company. The payment, not previously declared to shareholders, has cost Kingfisher about \$4,000 each year since the early 1980s. Page 5

**Major seeks to reassure unionists:** British prime minister John Major tried to reassure unionists over the direction of the Northern Ireland peace process, saying Ulster's people would not be forced out of the Union against their will. Page 20; Decisive push, Page 6

**London stocks move ahead on mixed data:** A strong opening to the new Wall Street session overrode mixed foreign and domestic economic news on the London stock market. The FT-SE 100 Share Index gained steadily after early hesitation to close 25 points up at 3,059.7, the day's high. The gains were due mainly to the increase in the US unemployment rate. Over the week, the Footsie has gained a net 27.5 points. Page 17;

**Cardoso takes pay cut:** New Brazilian president Fernando Henrique Cardoso and his ministers are to take temporary pay cuts of 25 per cent to restore popularity after his veto on a rise in national minimum wage. Page 2

**Investor protection moves Britain's Treasury:** is reviewing investor protection in Jersey, Guernsey, the Isle of Man and Bermuda. The check on the four UK dependent territories is the first since certain offshore unit trusts for UK investors were allowed to set up there in 1988. Page 4

**Kidney claims probe:** India's Karnataka state is sending police to Saudi Arabia to investigate a kidney transplant business. Bangalore's police chief believes up to 1,000 Indians, many poor and illiterate, had kidneys transplanted in the city. Many of the recipients came from the Middle East.

**ABN Amro, Dutch bank, confirmed it is renaming** most of its investment banking operations ABN Amro Hoare Govett to capitalise on the name of the UK stockbroker it acquired three years ago. Page 6

**World Bank investigations:** The World Bank has ordered an independent probe into a complaint that Nepal's \$797m Arun III hydroelectric project would harm local people and the environment.

**Companies in this issue**

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Dalmeida Touche	5	Satchi & Satchi	5
Elam	5	Smurfit (Jefferson)	5
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## Rate rise threat fades as unemployment increase points to slowdown in economy

# US markets surge on jobless data

By Michael Prowse in Washington and Our Markets Staff in London

US bond, equity and currency markets soared yesterday after US unemployment figures suggested that the American economy is beginning to slow in response to interest rate increases.

Some economists warned against reading too much into one month's figures, but many investors judged that a sharp

jump in the jobless rate last month made further interest rate rises less likely. The US Federal Reserve raised short-term rates by half a point to 6 per cent this week, the seventh in a year-long succession of increases that prompted a sharp sell-off in world bond markets.

The hope that inflationary pressures might now be easing took US 30-year Treasury bonds up 1 1/2 points at 4pm yesterday, reducing the yield to 7.60 per cent. Banks and interest-sensitive

cyclical stocks led the Dow Jones Industrial Average up 70.65 points at 3,941.42 by 4pm. European markets rose in Wall Street's wake.

"It could be a turning point, both in terms of perception of the US economic fundamentals and in terms of recovery from last year's poor financial market performance," said Mr Keith Skeoch, chief economist at broker James Capel in London.

Yesterday's figures showed a jump in the jobless rate to 5.7 per

cent last month from 5.4 per cent in December, prompting speculation that economic growth is beginning to moderate after a buoyant 1994 fourth quarter.

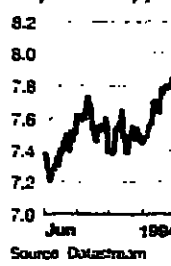
The data took analysts by surprise, but many economists pointed out that one month's figures were not conclusive evidence of a slow down. A report yesterday on factory orders showed a 1.7 per cent increase in December and a gain of more than 10 per cent during last year as a whole, more than analysts had

expected. The Labour Department said non-farm payroll employment rose by 134,000 last month, much less than analysts predicted. Job gains averaged 290,000 a month during 1994. The slowdown mainly reflected a reduced pace of hiring in service industries. Manufacturing and

Clinton wage initiative, Page 3; Editorial Comment, Page 8; Lex, Page 20; Government bonds, Page 12; World stocks, Page 15; London stocks, Page 17

US long bond

30-year treasury yield (%)



## US poised to impose curbs on China trade

By Nancy Dunne in Washington and Tony Walker in Beijing

The US is set today to impose sanctions on at least \$1bn worth of Chinese exports in retaliation for Beijing's failure to enforce laws protecting patents, copyrights and other intellectual property.

Mr Mickey Kantor, the US trade representative, is due to announce the measures this morning, after receiving no response from Beijing to his offer to continue negotiations this week through the Chinese new year.

It would take US customs at least two weeks to implement the sanctions, expected to involve 100 per cent tariffs. However, US officials said sanctions could be called off at any hour's notice if further talks between the US and China yielded agreement.

Today's announcement was awaited with uncertainty by American businessmen in China. They fear Beijing could respond with a threatened retaliation against US exports, including cigarettes, alcohol and recorded music, and break off talks on joint ventures with US car-makers.

"People are pretty nervous: there are plenty of possibilities for things to go wrong," said Ms Anne Svensson-Yang, Beijing representative of the US-China

Business Council. However, she believed a serious trade rift could still be averted.

Mr William Warwick, chairman of the American Chamber of Commerce in Beijing, said the group opposed sanctions, and that a trade war would not be good for US business in China.

Most US export industries nonetheless back the Clinton administration's determination to take tough action. Washington is keen to re-establish its reputation for dealing resolutely with Beijing, damaged when President Bill Clinton de-linked human rights issues from China's Most Favoured Nation trade status last year.

However, the US also plans to give Beijing a revised text reflecting progress in earlier talks. Ms Charlene Barshefsky, deputy US trade representative, this week said preliminary agreements had been reached on copyrights, and that Beijing accepted the need not only to seize confiscated goods, but to destroy them and closely monitor ports.

But China has not met US demands for the closure of 29 factories in the southern China producing pirate compact and laser discs. Agreement on this issue would be possible if the factories were to buy licenses from US entertainment companies.

Continued on Page 20

## German tax raid on finance firm

By Christopher Portes in Frankfurt

German prosecutors said yesterday that tax officials had raided all 11 domestic branches of Hypo Capital Management, a firm of financial advisers owned by the big Bavarian bank Bayerische Hypothek und Wechsel Bank.

Officials said the tax authorities' teams seized masses of documents relating to accounts at Bankhaus Maffei, the up-market private banking subsidiary of Bayerische Hypo, the fifth biggest bank in Germany.

Mr Dieter Emrich, the chief state prosecutor in Munich, said extensive material had been confiscated during the searches. There were no arrests.

Outraged HCM executives said the raids, on Thursday, by more than 100 officials armed with warrants to search for evidence of tax evasion by "unknown persons", were "absolutely over the top". They accused the officials of using "lawnmower tactics" and intimidation.

A statement issued by HCM yesterday, when news of the raids was released, said the warrant appeared to imply that anyone who invested funds abroad was automatically under suspicion of tax evasion.

The authorities suspect bank workers of helping customers

evade taxes with transfers to Luxembourg. They were focusing on suspicions that HCM had run customer accounts of untaxed money in Luxembourg under fictitious names.

Mr Martin Kolesch, a senior executive, said a "lawnmower-style" investigation, undertaken without any firm suspicions against any individual was in effect an investigation of all HCM's clients.

"Our view is that these events are difficult to justify and to understand," he added. A similar action just over a year ago in which tax officials seized documents from Dresdner Bank's headquarters and Düsseldorf regional office has so far failed to yield any charges.

Those raids were arranged to address suspicions, denied by Dresdner, that the bank had actively helped customers to avoid paying withholding tax on interest earned on accounts based in Luxembourg.

HCM, which advises about 3,500 customers with investments of about DM2.25bn (\$1.47bn), was established in 1988 and, in common with many banks and investment advisers, has a subsidiary in the Grand Duchy.

Mr Kolesch and other officials stressed repeatedly that HCM was not a bank and neither managed any client's account nor facilitated any transfers of funds.

## Quaker sells pet food unit to Dalgety for £442m

By Roderick Oram, Consumer Industries Editor in London

Dalgety of the UK set its sights yesterday on the fast-growing European pet food market with its £442m (\$689m) purchase of Quaker Oats' European pet food business.

To help fund the deal, Dalgety launched a one-for-four rights issue at 83p a share to raise £186m and put up for sale its Golden Wonder crisps and snacks business and Homepride sauces, flour and baking mixes.

"This is an outstanding opportunity to strengthen our business and the company as a whole," Mr Richard Clothier, chief executive said.

The company's biggest acquisition in 15 years, the Quaker division largely completes Dalgety's transformation from a disparate group of agricultural and resources business to one focused on animal feeds and pig breeding, food ingredients and pet foods.

The long-expected deal will lift Dalgety's share of the £4.9bn market from a distant second with 8 per cent to 21 per cent. However, its brands, including Spillers, Felix and Fido, will still

Continued on Page 20  
Lex, Page 20

### STOCK MARKET INDICES

FT-SE 100: 3,059.7 (+25.0)	US Macroeconomic RATES	NEW YORK	DOLLAR
Yield 4.34	Federal Funds: 6 1/2%	New York Composite: 3,941.42 (+70.65)	New York Composite: 3,941.42 (+70.65)
FT-SE Eurotrack 100: 1,284.25 (+11.27)	3-m Treasury Bill: 5.804%	Dow Jones Industrial: 3,941.42 (+70.65)	Dow Jones Industrial: 3,941.42 (+70.65)
FT-SE All-Share: 1,506.71 (+0.86)	Long Bond: 9.4%	London: 3,941.42 (+70.65)	London: 3,941.42 (+70.65)
Nikkei: 18,538.87 (+5.33)	Yield: 7.589%	Frankfurt: 3,941.42 (+70.65)	Frankfurt: 3,941.42 (+70.65)
New York: 3,941.42 (+70.65)		Paris: 3,941.42 (+70.65)	Paris: 3,941.42 (+70.65)
Dow Jones Ind Ave: 3,941.42 (+70.65)		Madrid: 3,941.42 (+70.65)	Madrid: 3,941.42 (+70.65)
S & P Composite: 477.98 (+6.14)		Rome: 3,941.42 (+70.65)	Rome: 3,941.42 (+70.65)
		Amsterdam: 3,941.42 (+70.65)	Amsterdam: 3,941.42 (+70.65)
		Brussels: 3,941.42 (+70.65)	Brussels: 3,941.42 (+70.65)
		Lisbon: 3,941.42 (+70.65)	Lisbon: 3,941.42 (+70.65)
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		Copenhagen: 3,941.42 (+70.65)	Copenhagen: 3,941.42 (+70.65)
		Helsinki: 3,941.42 (+70.65)	Helsinki: 3,941.42 (+70.65)
		Tallinn: 3,941.42 (+70.65)	Tallinn: 3,941.42 (+70.65)
		Riga: 3,941.42 (+70.65)	Riga: 3,941.42 (+70.65)
		Vilnius: 3,941.42 (+70.65)	Vilnius: 3,941.42 (+70.65)
		Kiev: 3,941.42 (+70.65)	Kiev: 3,941.42 (+70.65)
		Moscow: 3,941.42 (+70.65)	Moscow: 3,941.42 (+70.65)
		Beijing: 3,941.42 (+70.65)	Beijing: 3,941.42 (+70.65)
		Tokyo: 3,941.42 (+70.65)	Tokyo: 3,941.42 (+70.65)
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		Hong Kong: 3,941.42 (+70.65)	Hong Kong: 3,941.42 (+70.65)
		Shanghai: 3,941.42 (+70.65)	Shanghai: 3,941.42 (+70.65)
		Manila: 3,941.42 (+70.65)	Manila: 3,941.42 (+70.65)
		Bangkok: 3,941.42 (+70.65)	Bangkok: 3,941.42 (+70.65)
		Jakarta: 3,941.42 (+70.65)	Jakarta: 3,941.42 (+70.65)
		Sydney: 3,941.42 (+70.65)	Sydney: 3,941.42 (+70.65)
		Melbourne: 3,941.42 (+70.65)	Melbourne: 3,941.42 (+70.65)
		Auckland: 3,941.42 (+70.65)	Auckland: 3,941.42 (+70.65)
		Wellington: 3,941.42 (+70.65)	Wellington: 3,941.42 (+70.65)
		Christchurch: 3,941.42 (+70.65)	Christchurch: 3,941.42 (+70.65)
		Dunedin: 3,941.42 (+70.65)	Dunedin: 3,941.42 (+70.65)
		Invercargill: 3,941.42 (+70.65)	Invercargill: 3,941.42 (+70.65)
		Queenstown: 3,941.42 (+70.65)	Queenstown: 3,941.42 (+70.65)
		Timaru: 3,941.42 (+70.65)	Timaru: 3,941.42 (+70.65)
		Christchurch: 3,941.42 (+70.65)	Christchurch: 3,941.42 (+70.65)
		Dunedin: 3,941.42 (+70.65)	Dunedin: 3,941.42 (+70.65)
		Invercargill: 3,941.42 (+70.65)	Invercargill: 3,941.42 (+70.65)
		Queenstown: 3,941.42 (+70.65)	Queenstown: 3,941.42 (+70.65)
		Timaru: 3,941.42 (+70.65)	Timaru: 3,941.42 (+70.65)

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## NEWS: EUROPE

# Chechnya leaves Russian army open to attack

In the wake of the botched campaign to subdue the Chechens, a radical shake-up of the army seems inevitable, writes John Thornhill

If Russia's rumbustious newspaper commentators are to be believed, then the nation's army is about to experience a radical shake-up after its poor performance in Chechnya. This week the liberal *Izvestiya* newspaper speculated that President Boris Yeltsin would soon lash out at the "war party" behind the Chechen operation and would ditch four of its leading members, including Gen Pavel Grachev, the defence minister, and Mr Sergei Stepanin, the head of the counter-intelligence service.

Their faults, the paper claimed, were to tell Mr Yeltsin that Chechnya could be quickly crushed and then utterly to fail to prepare the army for the complexities of the military operation. Several of Russia's senior generals, including the highly respected Gen Boris Gromov, who was the last army officer out of Afghanistan, have already fiercely criticised the conduct of the war. The officers were unprepared, the use of conscript troops was senseless, and the whole campaign was poorly conceived and executed, they say.

The army, which had earlier been flayed in the media for corruption, has now been accused of incompetence. The holding of the Russian flag over the presidential palace in the Chechen capital of Grozny has been portrayed as a sick parody of the raising of the Soviet flag over the Berlin Reichstag 50 years ago in the Red Army's finest hour.

The ineffectiveness of the army is provoking a broader debate about its role in post-Soviet Russia and in the post-cold war world. Liberal politicians have called for a civilian to be appointed defence minister to inject fresh thinking at the top of the military. Mr Yeltsin's kitchen cabinet has also discussed splitting the gen-

eral staff away from the Defence Ministry and making it directly accountable to the presidential apparatus to improve its effectiveness.

Mr Peter Shulze, director of the Moscow office of the Friedrich Ebert Stiftung, the German social-democratic think tank which carried out an extensive survey of the views of 615 senior Russian officers last autumn, says part of the problem is that the army has been called on to play a role in Chechnya that it neither planned for nor wanted.

"The officers clearly told us they did not want to become a political football or to be drawn into border conflicts. They did not want to function as a police force for suppressing local and regional unrest," he says. "The conflict has only exacerbated the tensions that already existed within the army," he says. "Before Chechnya there was low self-esteem in the officer corps about where they stood socially and materially. Now they must also worry about their military effectiveness."

Poor morale has also undermined the ordinary troops. Russian newspapers are full of articles about desertion and units refusing to fight. The Chechen war has been a bloody affair - as is graphically shown on Russian television every night. Defence Ministry sources say 600 Russian servicemen have been killed in Chechnya - although there are more unidentified corpses in Russia's mortuaries.

The public disillusion caused by the war may make it even harder for the army to replenish its ranks in future. Last year 84 per cent of men eligible for the draft evaded conscription, compared with 48 per cent in 1989, as the list of reasons for draft exemption lengthened. According to Russia's Institute for Political and Social Studies, "Manning the



Demoralised: A Russian special forces soldier in an armoured personnel carrier in front of the badly damaged presidential palace in Grozny

federal armed forces has become the most acute problem of Russia's defence capability."

As yet, it is impossible to tell how the army will evolve after the conflict. It would seem likely that Gen Grachev will be made the political scapegoat for the army's mistakes. Yesterday, the *Sevodaya* newspaper reported that Mr Yeltsin's apparatus was investigating allegations of shady financial dealings against Gen Grachev and suggested the defence minister's recent hospitalisation was a "diplomatic illness".

But Mr Yeltsin may yet reckon it would be hard to replace his defence

minister with a more loyal supporter. Part of Gen Grachev's problem has been that he has been thought of as too political a place-man by other army officers.

"We have seen so many erratic swings in Russian politics in the past three years and it seems probable for Mr Yeltsin, he will swing in another direction, again dropping his former fellow travellers. He can keep in power by sacrificing his pawns on the chessboard," says one military expert in Moscow.

But there are signs that the "war party" is tiring of the criticism and is prepared to defend its ground in

the public debate. Gen Grachev has hit out at Russian human rights activists who have condemned the use of excessive force. Three deputy defence ministers, including Gen Gromov, who have sharply criticised the Chechen operation were suspended last month.

And this week *Rossiskaya Gazeta*, the government newspaper, published an open letter which purported to come from Russian troops in Chechnya complaining about the criticism of the army's operations in Chechnya and the discrediting of its leadership. "We are ready to withstand and overcome anything if they

stop spitting in our faces and shooting us in the back," the letter said, under a headline "By insulting the army they insult the people".

The army may argue it only needs more funds to address the faults exposed by the Chechen conflict. But it is becoming ever clearer that a more radical overhaul will be required. Mr David Holloway, professor at the International Centre for Security and Arms Control at Stanford University, says, "If you want to do something about the defence capability of Russia it is not more money you need but a different mentality and re-organisation."

## Moscow decree 'will hit oil trade'

By Chrystle Freeland in Moscow

The Russian government approved a decree this week which neutralises an earlier decision to liberalise oil exports, western economists said.

The decree, part of a wave of restrictive trade legislation which has been signed or drafted over the past few weeks, could complicate Russia's negotiations with the International Monetary Fund and further discourage western investors. Mounting inflation, confirmed by official statistics released yesterday, and the continuing slide of the rouble are posing additional threats to the government's pledge to stabilise the economy this year.

The oil export decree, signed on Monday by Mr Victor Chernomyrdin, prime minister, confirms fears of western oil companies and economists that, under the guise of new legislation, old restrictions on oil exports are being perpetuated.

Under pressure from the IMF, which warned Russia late last year that it would not receive a \$6.25bn (\$4bn) standby loan unless the oil trade was liberalised, on December 31 the Russian government approved a resolution formally liberalising oil exports. But the manner in which the resolution is to be implemented appears to defeat its stated purpose.

The decree signed this week sets out the powers of a newly created commission which grants access to the pipelines that channel Russian oil to the west. Because pipeline capacity is limited, access in effect determines oil exports.

By instructing the commission to take into consideration the supply of the domestic market and state contracts for oil exports, the new decree perpetuates the old, restrictive system.

"There is no evidence that liberalisation is occurring in practice," a western economist in Moscow said.

Russian oil producers plan to exchange information with Opec to support world prices, the head of a powerful new organisation of Russian oilmen said yesterday. Mr Oleg Davydov, a deputy prime minister who heads the newly-formed Union of Oil Exporters, said yesterday Russian producers intend to co-ordinate information with Opec in order to maintain "a high enough level of prices on the market".

## Plan for early Emu ruled out by Mitterrand

By David Buchan in Paris

President Francois Mitterrand yesterday ruled out as "too clever" the idea, mooted by France's conservative government, of facilitating European monetary union (Emu) next year by reducing the minimum number of countries needed to participate in it from eight to seven.

The Maastricht treaty requires that, at least in 1996, the EU must have a majority of its members ready and willing for monetary union if the single currency plan is to go ahead. Hitherto, that majority has been interpreted simply as eight of the Union's 15 members. But a very senior member of the Balladur government this week suggested Britain and Denmark might be plausibly subtracted from the total - because of their treaty right to opt out of Emu - and that this would reduce the required majority to seven.

Asked about this idea, at a joint press conference given by the French presidency of the EU and the European Commission, Mr Mitterrand said "Don't think us so smart." By such "twisted" logic, "one could reduce the number of participants to close to zero", he quipped.

Mr Jacques Santer, the Commission president, joined Mr Mitterrand in insisting that the Maastricht treaty would have to be strictly applied, while Mr Balladur, the Gaullist prime minister and favourite to succeed Mr Mitterrand as president in May, stayed pointedly silent.

Any lowering of the required

majority for Emu would be likely to meet opposition from Germany, from the "opt-out" countries themselves, and even from countries such as Italy which support monetary union but fear exclusion from it. However, the very suggestion of lowering the threshold for Emu is testimony to France's undimmed enthusiasm for a single currency as soon as possible.

Drawing much of his presidential campaign support from pro-European centrists, Mr Balladur said recently he believed a first move to Emu was possible in 1996-7. However, France's political and monetary authorities concede it will be a very close-run race for enough countries to meet the Maastricht financial criteria in time.

France has slipped behind on its own timetable for reducing its deficit, which as a share of national output will be 4.6 per cent this year, missing the 4.2 per cent target. But Mr Balladur has pledged to catch up, and Paris officials are counting on France to qualify for Emu in 1996-7, along with Germany, Austria, the Netherlands and Luxembourg.

The UK and Denmark may meet the Maastricht disciplines, but because of their opt-outs cannot be counted on to volunteer for Emu. Therefore, Paris is looking hopefully to Ireland, despite its large debt, and to Belgium, despite its even larger borrowing, to raise the number of "qualifiers" to seven, but finds it hard to see how the magic number of eight can be reached.

## Italian left finds a leader to unite behind

By Robert Graham in Rome

Professor Romano Prodi, the former head of IRI, Italy's state industrial holding, yesterday agreed to put himself at the head of a broad coalition of centre-left parties to fight the next election.

The move by the 54-year-old economics professor from Bologna is expected to have a profound impact on Italian politics. Mr Prodi immediately becomes the chief opponent of Mr Silvio Berlusconi, whose right-wing Freedom Alliance was forced from office in December.

This in turn will make it even more difficult for centre parties to survive indepen-

dently, obliging them to accept alliances with one of two camps - the left or the right.

Mr Prodi has always been regarded as a technocrat even if he has been close to the left wing of the now defunct Christian Democrat party. He served briefly as an industry minister.

He was considered as a possible prime minister to succeed Mr Giuliano Amato, the Socialist prime minister, in 1993. But at the time the former communist Party of the Democratic Left (PDS) preferred Mr Carlo Azeglio Ciampi, the governor of the Bank of Italy.

The PDS leadership has since changed. Nevertheless in the past few days, as Mr Prodi's candidature has been

touted, Mr Massimo D'Alema, the PDS leader, has remained cool. Indeed, Mr Prodi has been to some extent foisted on the PDS by the left wing of the small centrist Popular party (PP), which replaced the long-ruling Christian Democrat party last year.

The PP has been wracked by divisions in the wake of the resignation of the Berlusconi government. Mr Rocco Buttiglione, the PPI leader, has been trying to forge a new alliance with Mr Berlusconi and his Forza Italia movement. This alliance, if achieved, would lead to a direct split, and leave the left wing of the party with little option but to team up with the PDS.

By proposing Mr Prodi to head a broad alliance of the left with the PDS, Greens and former Socialists and the bulk of the PPI, the latter's left wing has decided to act first before Mr Buttiglione joins the Berlusconi camp. It makes a split within the PPI inevitable but allows the left wing, which includes such figures as former foreign minister Beniamino Andreatta to draw maximum benefit.

It is not clear yet what will be the reaction of the populist Northern League of Mr Umberto Bossi, nor of the rank and file of the PDS. The PDS is the best organised party in parliament and commands more than 20 per cent of the national

vota. The failure to select one of its own as leader of a broad centre-left coalition underlines its continuing poor electoral appeal beyond the party faithful.

The Berlusconi camp is likely to welcome the Prodi move, which should ensure that the Catholic church swings behind the right-wing coalition. It could also strengthen his call for a general election to be held in June.

● Italian inflation fell to 3.8 per cent a year last month compared with 4.1 per cent in December. The drop came despite a range of price rises in consumer goods and utilities at the beginning of the year.

## Danish director jailed in Gibraltar property fraud

By Hilary Barnes in Copenhagen and Jimmy Burns in London

A company director linked to a multi-million property development in Gibraltar has been sentenced to three years imprisonment after being found guilty of fraud by a Danish court.

The company director, who the court said should not be named, was a former senior employee of Baitica, the Danish insurance group, one of the main backers of the Europort office and hotel development.

He was found guilty on three charges involving about Dkr25m (£2.53m). The biggest fraudulent transaction involved him obtaining Dkr16m from a subcontracting company, JPC, after telling the company that this was the price of preventing a building contract from going to a French company.

The court also found that he had fraudulently obtained payment of Dkr5.8m from another sub-contractor, I. Borggren. He was also found guilty of obtaining Dkr3m - later repaid - by wrongfully issuing an invoice to a third contractor, EBL Construction.

The trial lasted 11 months, sparking off an international police investigation and embroiling Gibraltar's government in corruption allegations over the property development.

During the trial, the director testified that a payment of £250,000 was made to a Gibraltarian minister in connection with Europort. A former JPC employee testified that a further payment of £400,000 was made to the minister.

Last night a spokesman for Gibraltar's government declined to comment on the outcome of the trial. But Gibraltar's chief minister, Mr Joe Bossano, has denied any

impropriety by members of his government. "There are allegations of fraud by Danes against Danes involving Danish money. There is no Gibraltarian money involved," he said in a statement during the trial.

British fraud squad detectives who have been investigating allegations of fraud in Gibraltar were briefed by their Danish counterparts after sentencing on Thursday.

The Swiss justice ministry has provided Danish and British police with information on bank accounts in the northern Swiss towns of Solothurn, Grenchen and Bern.

Police are investigating whether there are links between the accounts and a Liechtenstein trust, the GDP Foundation, which is alleged to have held money on behalf of Gibraltar's government.

The director, who lives in the UK, is appealing against his sentence.

## Pawlak in bid to end Poland's crisis

By Christopher Bobinski in Warsaw

Poland's coalition leaders met yesterday to seek ways of defusing the crisis caused by President Lech Walesa's threat to dissolve parliament.

Mr Waldemar Pawlak, the prime minister, who returned yesterday from a three day visit to the US, said he would soon be presenting the names of nominees for the vacant posts of defence and foreign minister to the president for approval.

A failure to agree on these has been one of the causes of the turmoil. At the same time presidential aides have suggested that Mr Walesa's dissolution threat had been suspended while the president waited to see what concessions the government was willing to make on the appointments to the president's powers.

At the same time Mr Pawlak denied there was a rift within the coalition which could lead to the fall of the cabinet.

Meanwhile yesterday parliament voted a change in the interim constitution extending parliament's term until new elections. This means that even if dissolved, parliament would stay in office until a new election. The constitutional change has to be passed by the upper house, where the government also has an overwhelming majority, and is approved by the president.

Yesterday Mr Piotr Zak, the Solidarity trade union spokesman, said that his movement would support President Walesa if he dissolved parliament. However other anti-communist groups unrepresented in parliament met the parliamentary opposition led by the Freedom Union to condemn any attempt by the president to unlawfully dissolve parliament.

Feature, Page 9

## French propose big changes to higher education

By Andrew Jack in Paris

The French government yesterday published a controversial report which calls for sweeping changes to the funding, management and content of further education across the country.

The recommendations, drawn up by a selection of senior university administrators, call for greater decentralisation of funding and control, the introduction of selection and increased vocational training.

The Ministry of Higher Education and Research circulated the report ahead of schedule after leaks in the French press last month sparked highly critical reactions from both students and teaching unions.

The administrators, who met under the chairmanship of Mr Daniel Laurent, rector of the University of Marne-la-Vallée just outside Paris, argue that the education system needs considerable reform to meet current demands.

They criticise the existing system of education funding to students, which they say favours those who are better off. They call for more direct support linked to needs, and for the introduction of special loans from banks.

While stressing the government's importance in evaluation and in determining education policy centrally, they call for the creation of regional university institutes under local control offering technical and vocational training.

They want greater financial autonomy for France's universities, coupled with tougher evaluation measures. They also call for an increase in fees within boundaries set by the state.

They stress the need to maintain the basic principles of French education, including equality of opportunity, access

to all who have interest and ability, and meeting the country's need for its professionals to help them participate in its development.

However, Mr Claude Lecaille, secretary general of the national higher education union, said: "The recommendations are in fact scandalous. They propose an unequal system that is against our republican tradition. It is a programme for the destruction of a public service."

He said he accepted the need for "more and better training" for France's 2m students, but that Laurent's proposals to develop specialist institutions would create "social and geographical" biases, while its support for greater vocational education would lead to training that was too narrow for a changing world in which people frequently change jobs.

Officials stressed yesterday that the report was only a "working document" and there was no guarantee that the recommendations made would be implemented. They said there was no chance of much progress until after the presidential elections in May.

Mr Francois Fillon, the minister who commissioned the report, has said he will soon launch widespread consultation on the findings before drawing up any official proposals for change.

However, he or his successor faces a tough struggle in attempting to introduce any of the proposed reforms. Students and teachers have united against change, and will hold the first of several demonstrations and strikes next Tuesday.

One of his predecessors, Mr Alain Devaquet, was forced to resign in 1983 after his proposals to introduce competitive entrance to universities triggered violent demonstrations. The plans were subsequently dropped.

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## European ire at pressure over Mexico

By Stephen Fidler in London and George Graham in Washington

Leading finance officials in Europe are privately expressing anger about the way that they have been pressed by the US into supporting a \$50bn (€32bn) international financial rescue package for Mexico.

The governments of Britain, Germany, Switzerland, the Netherlands, Belgium and Norway abstained from the vote of the board of the International Monetary Fund to provide a \$17.8bn contribution to the Mexican rescue.

Officials in Washington said the six who had abstained represented more than 25 per cent of the IMF voting capital.

Executive directors from Germany, the UK, the Netherlands, Belgium, Switzerland and Norway – representing 34 countries in Europe and central Asia – had objected both to the package and to its presentation as a fait accompli with minimal consultation.

British and German officials are not convinced that the risk of Mexico's difficulties spilling over into some kind of systemic crisis was as great as the IMF and the US have claimed.

Rather, they believe that the turmoil in the Mexican financial markets was part of an overdue correction of excessively optimistic assessments of the risks involved in investing in emerging markets.

Abstaining governments were unhappy about elements of the proposal, including the fact that an unprecedented sum – \$7.8bn – will be made available immediately.

But their main objection is that they consider the US is using other governments' money to pursue its own policy objectives in Mexico, and to bail out US financial institutions which stood to lose money in the financial crisis.

Some member governments of the Bank for International Settlements are also emphasising privately that the \$10bn contribution, announced on Tuesday by President Bill Clinton, from BIS member central banks remains a proposal and is not yet available.

Terms and conditions under which the loans would be drawn are still to be worked out, they emphasise. Officials say that technically the \$50bn earlier promised by BIS central banks is not now available.

The German government complained publicly yesterday that there was too little co-ordination in the US-arranged international aid package for Mexico and said that other European countries had qualms too.

"We would have wished the co-ordination to have been a little tighter," said Mr Theo Waigel, Germany's finance minister.

The \$50bn package – which includes a \$20bn contribution from the US – was hastily put together after the Clinton administration had decided, late on Monday, that a proposal for \$40bn of loan guarantees for Mexico would not pass through the US Congress.

Senior finance officials from the Group of Seven industrialised countries will be discussing the Mexican crisis as they meet in Toronto this weekend.

Clinton's initiative on pay displeases senior Republicans

## Higher minimum wage sought

By Jurek Martin, US Editor, in Washington

President Bill Clinton yesterday proposed increasing the US federal minimum wage by 90 cents (\$7.25) an hour in two equal increments to \$8.15 over the next two years, but was immediately rebuffed by Republican Congressman Newt Gingrich, Speaker of the House of Representatives.

Battle lines between the administration and the Republican-controlled Congress were also being drawn more sharply yesterday, following a leaked report in the New York Times with many details on Mr Clinton's 1995-96 budget, due to be unveiled on Monday.

Administration officials were obliged to confirm headline numbers which put spending

at \$1,600bn (£1,012bn) and a projected deficit of \$196.7bn for the fiscal year starting in October – similar to the current year's estimates. Mr Clinton will also propose deficit savings of \$144bn over the next five years.

The numbers were instantly criticised as inadequate by prominent Republicans committed to balancing the budget by 2002 through a constitutional amendment and through deep but still unspecified spending cuts. Mr Gingrich, however, refused to endorse the popular view that the president's budget was "dead on arrival" in Congress because of the Republican majority.

On the minimum wage, which was last increased in 1990 and now marks the level of pay for about 10 per cent of the US workforce, Mr Clinton

argued that, in spite of impressive job creation under his presidency (5m in two years), too many Americans remained in "the anxious class... working harder for the same, or lower, wages".

He also specifically linked a higher minimum wage to welfare reform, high on the legislative agenda of both Congress and the administration this year. "If we are serious about welfare reform, then we have a clear obligation to make work attractive and to reward people who work hard."

Even so, the politics of the issue were underlined both by the fact that Mr Clinton was flanked only by Democrats as he made the announcement in the Rose Garden of the White House – and by Mr Gingrich's response. He promised the president a fair hearing but

said he was "very sceptical" and immediately raised two objections: "What does it cost us in terms of black teenage unemployment and [after the devaluation of the peso] what's the relationship to jobs in Mexico?"

Some prominent Republicans, including Congressman Dick Armey from Texas, the majority leader in the House, are on record as wanting to abolish the minimum wage. Their opposition virtually guarantees rejection of the president's proposed increase, but Mr Gingrich's tone suggested he would not go so far as to support abolition yet.

Mr Clinton's recommendation, after much internal debate, is at least in part meant to hold support among working-class Democrats disaffected by his leadership.

## Dole hints at one-term presidency

By Jurek Martin in Washington

Senator Bob Dole said last night he was thinking about promising to serve only one term as part of his campaign to win the US presidency next year.

Conceding in a television interview that voters might have reasonable concerns about his age – he will turn 73 next July – the Republican leader in the Senate said that such a promise "might be the right thing to do, whether or not it is the political thing to do".

Mr Dole listed seven other possible challenges for the party nomination, but did not think that either Congressman Newt Gingrich, Speaker of the House of Representatives, or Mr Ross Perot, who won 19 per cent of the vote as an independent in 1992, would become a candidate.

He implied that President Bill Clinton would be the Democratic nominee and said any Republican would be ill-advised to underestimate the incumbent's skills as a campaigner.

The Washington Post yesterday began coincidentally a series of reports on a book by one of its journalists, Mr David Maraniss, which says that a main reason why Mr Clinton, then governor of Arkansas, did not run for president in 1988 was concern about his extra-marital affairs.

Such a promise 'might be the right thing to do, whether or not it is the political thing to do'

Mr Dole's half-pledge to consider serving only one term in the White House, if elected, may be designed to do more than reassure the public about his age.

It may also serve to make the position of his vice-presidential running mate more attractive to powerful Republicans, particularly state governors, harbouring their own presidential ambitions but with

unproven current national appeal.

Prominent among them is Governor Pete Wilson of California, whose presence on the ticket could help greatly in bringing the presidential vote of the largest state back to the Republicans after its defection to Mr Clinton in 1992.

A Dole-Wilson ticket would bring together two men of ideological compatibility on the centre-right of the party.

Long-time observers of Mr Wilson believe he would prefer to run for the White House in 2000 from the office of vice-president, rather than launch his own run in 1996. Governors Christie Whitman of New Jersey and Bill Weld of Massachusetts may also be willing to wait.

The probable Republican field for next year includes Senators Phil Gramm of Texas and Arlen Specter of Pennsylvania, former vice-president Dan Quayle, and Mr Lamar Alexander, former education secretary and ex-governor of Tennessee. Senator Richard Lugar of Indiana said this week he was mulling over a bid.

### INTERNATIONAL NEWS DIGEST

## Norway offers 56 oil blocks

Norway, western Europe's biggest oil producer, yesterday offered oil companies 56 exploration blocks and said it would ease conditions and open new acreage as part of the country's second largest petroleum concessionary rounds since its oil boom 25 years ago.

Mr Jens Stoltenberg, Norway's oil minister, said 16 of the blocks, situated near existing and planned infrastructure, would ensure the efficient use of spare capacity at facilities as production from mature North Sea fields winds down. Forty more blocks are in the widely unexplored Norwegian Sea, including acreage in two virgin areas where water depths are up to 1,500m and where the government believes some of the world's most promising oil exploration potential lies.

Norway's oil production has more than tripled in the past decade to reach 2.7m barrels of oil a day, and this year the country is expected to overtake Iran as the world's second largest net exporter of crude oil. Oil accounts for 16 per cent of gross national product.

The government is desperate to stem a sharp decline in production which will take place before the turn of the century unless new oil discoveries are made, but Mr Stoltenberg acknowledged yesterday that new discoveries were likely to be smaller and yield less profit. *Karen Fosli, Oslo*

## Scharping cool over budget

Germany's opposition Social Democratic Party will not support the government's 1995 budget unless future financing for the country's coal industry is first secured. Mr Rudolf Scharping, SPD leader (left), yesterday told West-  
deutsche Allgemeine Zeitung newspaper he wanted new proposals aimed at finding ways to replace the Kohlepfennig, the 8.5 per cent levy imposed on electricity consumers to support the industry, to be agreed by March.

The SPD is in a strong position to block the budget since it controls the Bundestag, the upper house, whose consent is required for government legislation. The Kohlepfennig, which amounts to a DM7.5bn (€3.13bn) annual subsidy to protect German hard coal against coal imports, was deemed unconstitutional by the federal constitutional court last December. The court ruled that the levy could not be extended beyond 1995. SPD officials yesterday confirmed that the party wants to replace the Kohlepfennig by an across-the-board energy tax which would be aimed at cutting energy consumption, supporting the 100,000-employee mining industry, and financing research for renewable energy. *Judy Dempsey, Berlin*

Peru, Ecuador study truce

The governments of Ecuador and Peru were yesterday studying a preliminary ceasefire that would end their bloody eight-day clash on their Amazon jungle border, a diplomat said. At least 11 Peruvians and five Ecuadorians have been killed in fighting that broke out last week over a disputed frontier zone, and up to 70 may have died, according to each side's claims.

"It was possible to reach an agreement which in principle... met with the approval of the representatives of the countries here in Rio de Janeiro," said Brazil's deputy foreign minister Sebastião do Rego Barros. The proposed accord, after three days of negotiations, has been sent to Lima and Quito for approval as well as to the four guarantor nations Argentina, Brazil, Chile and the US. *Reuter, Rio de Janeiro*

## Japan sales tax rise ruled out

Mr Tomichi Murayama, the Japanese prime minister, yesterday ruled out an early rise in sales tax as a method of raising cash to pay for the Kobe earthquake damage.

His announcement, on the eve of a meeting of Group of Seven finance ministers due to start yesterday evening in Toronto, will provide some relief for Japan's trade partners, anxious to avoid any steps likely to curb consumer demand for imports. However, the pressure for some form of tax increase remains, given that the finance ministry is eager to reduce the government's reliance on borrowing. The overall cost of the quake is provisionally estimated at ¥8,600bn-¥13,000bn (€55bn-€83bn). *William Dawkins, Tokyo*

## Canberra logs blockade ends

A six-day blockade by several thousand loggers of Australia's Parliament House came to an end yesterday after the federal cabinet promised to hasten a review of 508 forestry areas which the government has offered to set aside for environment assessment before logging can take place.

But the federal cabinet's latest compromise – an expedited assessment of the areas' conservation value, to be completed in eight weeks – brought fresh protests from environmentalists. "The outcome of the cabinet deliberations is the further whittling of our forests on the altar of woodchips," commented one spokesman for the Australian Greens. Loggers, meanwhile, said that if the review led to a single job loss in the industry, they would reimpose the blockade.

Last year the government announced it would renew 11 woodchip export licences. The green lobby claimed the licence renewals would exacerbate destruction of old-growth forests. When Mr Paul Keating, prime minister, suggested that 500-plus areas be quarantined from woodchipping until a review of their conservation value had been conducted, the loggers protested, fearing that review could lead to timber industry jobs being lost, and even some timber towns shutting down. *Nikki Tait, Sydney*

## Nepal dam backing delayed

World Bank approval of the controversial \$1bn (€633m) Arun dam project in Nepal has been delayed till around June by the appointment of a special inspection panel to look into environmental aspects. The panel was appointed by the bank's board after complaints that staff had not paid enough attention to the environment in their planning. Bank officials believe the project, in which German and Japanese companies have an interest, will go ahead. But they are concerned that the controversy will make it harder for the bank to support similar projects elsewhere despite the environmental safeguards built into its procedures.

The project will generate foreign exchange for Nepal through the sale of electric power to India and spur industrial development at home. Critics are concerned at the large financial cost for such a poor country. *Peter Montagnon, London*

Threat to dykes recedes

The risk of dykes collapsing in the Netherlands under the pressure of flooded rivers decreased yesterday, but the government said the threat had not been entirely averted. This meant that it was too early for the nearly 250,000 people displaced from threatened areas to return home. The Dutch cabinet said the emergency must first be lifted before an assessment of damages can be made. However, it has indicated that businesses will probably be treated similarly to the corporate victims of floods in 1993, when companies were compensated for two-thirds of the damage suffered. An institute representing small and medium-sized businesses in the Netherlands estimated that 5,600 companies have suffered water damage and 9,400 have had to vacate their premises. The total cost of Dutch water damage and evacuation expenses is around £1.5bn (€1bn), bank economists say. *Ronald van de Krol, Amsterdam*

Living in a bathtub, Page 9

## Australia to review trading relations with US

By Nikki Tait in Sydney

Australia is to review its trade relationship with the US, its second largest trading partner, Senator Bob McMullan, federal trade minister, announced yesterday.

Australia has a large, persistent and rising trade deficit with the US – in contrast to Japan, its largest trading partner, with which Australia runs a surplus. The deficit with the US stood at just over A\$8bn (€5bn) in 1990 but topped A\$8bn in 1993.

"It is clear that the importance [of the US] as an export destination for Australia has declined over the past decade...

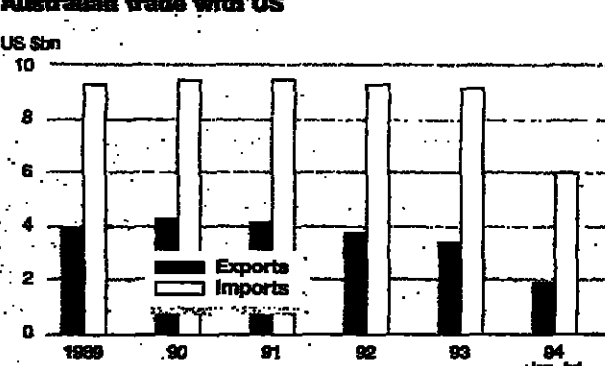
We need to ask what is happening to traditional markets," Mr McMullan said.

News of the trade review comes in the wake of minimal growth in Australian exports in the current 1994-5 financial year and a worsening balance of payments situation.

However, the trade review is said to be unrelated to the current ruckus over the recent US decision to extend duty export subsidies to certain Asian markets where Australian producers have been trying to make inroads.

Announcing the review in a speech to the Committee for Economic Development of Australia (Ceda), Mr McMullan

Australian trade with US



Source: Department

said that, while Australia's traditional trade focus had inevitably

shifted to Asia, it was important not to neglect tradi-

tional markets in the Asia-Pacific Economic Co-operation forum (Apec) and other parts of the world.

Apec is a loose grouping of countries in the region; both the US and Australia are members. Apec leaders recently pledged to create a free trade zone early in the next century – a development strongly urged by both Australia and the US.

The trade minister added that the review would look at obstacles to exports – "be they problems of barriers, Australia's competitiveness or our marketing approach" – and the role which investment could play in shaping trading

relationships.

The US remains one of the largest sources of foreign investment in Australia. This week, Austrade, the main trade promotion agency, announced that it was opening a third US office, in Chicago. Part of its job will be to sell Australia as a "stepping stone" to the Asian region.

The announcement on Tuesday that Asa, the French insurer, was willing to inject A\$1.1bn in return for a controlling interest in National Mutual, Australia's second largest, but recently troubled life office, has also underlined the continuing role of non-Asian ties.

Premier Yitzhak Rabin returns from Cairo summit to find poor poll ratings

## Fresh challenges to government in Israel

By Julian Ozanne in Jerusalem

Israeli prime minister Yitzhak Rabin returned from the Arab-Israeli Cairo summit yesterday to face new challenges to the political stability of his fragile coalition government and his ability to move forward on Israeli-Palestinian peace.

The Shas ultra-orthodox religious party, which has spent more than a year negotiating whether to re-enter the Israeli government, said it would not rejoin the Labour-led coalition. This means Mr Rabin has no chance in the short term of strengthening his minority government and will have to

continue to rely on five Arab votes in parliament for his survival. Rabbi Ovadia Yosef, spiritual leader of Shas, said his party, which has six members of parliament, was going formally into opposition because of deteriorating security and out of concern for Jewish settlers in the still occupied West Bank.

His decision came after Mr Rabin had given Shas an ultimatum that, unless it rejoined the coalition by tomorrow, he would give its two ministerial portfolios (interior and religious affairs) to other coalition partners.

With the Labour party, the left-wing Meretz bloc and two breakaway right-wing parliamentarians, Mr Rabin's government has 58 votes in the 120-member parliament.

Mr Rabin's also faced fresh opinion polls yesterday to remind him of his waning popularity as a result of his peace moves with Palestinians and the increase in Palestinian Islamic attacks on Israelis.

A Dahaf poll in Yediot Ahronot, the leading tabloid newspaper, showed that 52 per cent of Israelis would vote for right-wing opposition leader Mr Benjamin Netanyahu and 38 per cent for Mr Rabin. The

survey also showed that, in parliamentary elections, the Labour party would lose five seats, from 44 to 39, and Mr Netanyahu's Likud party would gain nine, from 32 to 41.

Labour party officials said the Cairo summit would boost Mr Rabin's standing by showing how the Jewish state is increasingly accepted among Arab neighbours.

The officials also said Mr Rabin had restored his tough image by refusing to grant concessions in Cairo on Jewish settlements, on lifting the closure imposed by Israel on the West Bank and Gaza Strip, or on outlining a timetable for the

long-delayed Israeli redeployment from the West Bank.

Mr Rabin's ability to get three Arab leaders to condemn terrorist attacks and pledge to fight against extremists will also go down well in Israel, where personal security is paramount.

But political analysts and commentators in Israel said yesterday that Mr Rabin's apparent success at the summit would not change the fact that the government was fighting for its survival and was unable to take the bold decisions needed to continue the peace process, in view of widespread public opposition.

## Ignorance fuels Japan's anti-Semitism

A magazine has been closed after denying the Holocaust, reports Emiko Terazono

Japan, with a Jewish population of fewer than 2,000, may seem an unlikely home for anti-Semitism.

However, the closure this week of the current affairs magazine Marco Polo, after an international outcry about its article denying the Holocaust and the existence of gas chambers in Auschwitz, has flushed out some prejudices.

The magazine's publishers, Bungei Shunju, a highly respected company, declared there was a lack of historical understanding and quickly withdrew the magazine from sale after complaints by Jewish groups and the Israeli embassy. An embarrassed foreign ministry denounced the article as improper.

Cynics in the Japanese press allege that the publishing house was just using the criticism as an excuse to close the already unpopular magazine. Most of the media chose to ignore the fact that the case was not an isolated one. In the past few years, the number of anti-Semitic books and articles

blaming a Zionist conspiracy for Japan's recession has been on the rise.

Articles alleging that "Jewish capital" represented by foreign brokers had prompted the recent stock market crash have been published by popular weeklies. Mainstream dailies have carried advertisements of books alleging a Jewish conspiracy to control the Bank of Japan and finance ministry.

These publications have promoted a peculiar fear about the financial power and political influence that might be exercised by Jews. The stereotyping has not all been negative, with Mr Den Fugita, who owns the McDonald's hamburger chain in Japan, calling himself the "Jew of Ginza" and writing books on the business expertise of the Jews. However ultra-nationalists have pushed the anti-Semitic view.

The books have become bestsellers but, as Jews living in Japan point out, there have not been any physical attacks or other obvious forms of harassment. Mr James Lebeau,

the Jewish community's rabbi, says much of the apparent anti-Semitism is limited to publishers tapping the public's unease at a time of economic uncertainty.

Japan's obscure form of anti-Semitism comes partly from sheer ignorance of history: students are taught very little about Japanese aggression during the second world war, let alone on what went on in Europe.

"That an average Japanese citizen would never meet a member of the Jewish faith in his life provides fertile ground for negative stereotyping," says Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center, the Jewish rights group in Los Angeles.

Xenophobia among some Japanese, many of whom prize racial homogeneity, is seen as an underlying cause. The readiness with which Japanese embrace conspiracy theories is also regarded as a likely reason. Similar sentiments under-

lie equally bizarre fears of world domination by another ethnic group, the overseas Chinese, considered to have an international network of money and influence.

Members of the Jewish community in Tokyo note that the rise in anti-Semitic literature is a recent phenomenon. Indeed, *The Diary of Anne Frank*, a book about the travails of a Jewish girl in Nazi-occupied Amsterdam during the war, has been popular for 30 years (it is published by Bungei Shunju). Mr Chiune Sugihara, a Japanese diplomat in Lithuania during the war, issued transit visas and so enabled 2,000 Jews to escape persecution. American Jews, concerned by the pogroms in Russia, supported the Japanese in the Russo-Japanese war at the start of this century.

The closure of Marco Polo, which followed the withdrawal of advertising by corporate sponsors including Volkswagen, the German carmaker, and Carier, the French luxury goods manufacturer, could

reinforce belief in a conspiracy. "There will be people in Japan who will now claim that the Zionist conspiracy now includes Volkswagen and Carier," admits Rabbi Cooper.

His centre wants to fill the knowledge gap and eliminate negative stereotypes by giving seminars. They have asked Bungei Shunju to encourage the 16 editors of Marco Polo to participate.

However, re-educating the Japanese about Jews may not be enough. Some analysts claim the readiness among some Japanese to deny the existence of the Holocaust stems from the denial of the country's own guilt as an aggressor in the war.

"Many Japanese want to believe that they were victims, and feel comfortable by denying the suffering of others," says Mr Akira Aoki, professor at the Tokyo University of Information. The Japanese may need to come to terms with their own role during the war before their anti-Semitism can be addressed.



# Names fall out over sharing of compensation

By Ralph Atkins,  
Insurance Correspondent

Hard-hit members of the Lloyd's insurance market whose court cases have not yet been heard intend to make a legal challenge which threatens to create fresh clashes with those further ahead in the litigation queue.

A coalition representing thousands of loss-making Names is preparing to challenge a decision last month by

the High Court in London that damages for losses incurred in the late 1980s and early 1990s should be paid on a "first past

## LLOYD'S

LLOYD'S OF LONDON the post basis in which cash would be paid to those who happened to win it first. Names are individuals whose assets have traditionally supported the insurance market. The

coalition's plans highlight growing tensions among Names as Lloyd's attempts to forge an out-of-court settlement between loss-making Names and professional agencies being sued by them. Details of the latest planned court challenge emerged as the Gooda Walker Action Group, representing Names on some of the insurance market's worst-performing syndicates, prepares for a High Court hearing on Monday on an interim com-

ensation payment. Gooda Walker Names won damages worth hundreds of millions of pounds in a court case which ended last October and claimed the "first past the post" decision as a victory. The final level of damages should be decided later this year.

But the prospect of the Gooda Walker group taking the lion's share of the limited funds available for compensation awards is worrying other Names. Mr Alan Porter, one of

the action group leaders involved in the new coalition, said: "We have to protect the interests of our own members and act accordingly."

Mr Charles Bracken, deputy chairman of the Sturge Names Action Group, another coalition member, said the lesson of Lloyd's legal cases so far had been that UK courts were concerned with interpreting law and following precedents. "They are not concerned about fairness," he said. Funds avail-

able from "errors and omissions" insurers, who provided Lloyd's agents with cover against negligence awards, are estimated to be about £1bn compared with total damages claims by Names in excess of £3bn.

The new coalition is led by the Janson Green action group, which represents about 1,600 loss-making Names. Their claim for compensation is not expected to be heard until next year at the earliest.

## Roll up for the 'gerrymandering' soap opera

By John Authers

Westminster is best known as the heart of British government, but for the past three months the public has been treated to a public investigation presenting it as a centre of municipal sleaze and corruption. The questioning focused not on the House of Commons, but on the headquarters less than a mile away of Westminster City Council.

At the heart of the drama is Dame Shirley Porter, heiress to the Tesco supermarket fortune, and former council leader and mayor of Westminster. The council is the municipal authority which covers the seat of national government as well as many of London's wealthiest residential areas.

Dame Shirley's rightwing politics made her a favourite of former Conservative prime minister Baroness Thatcher, who called Westminster a "conservative flagship" in local government. In 1990, the party directed national media attention to the city as Conservatives made strong gains on the council against a national trend in favour of the opposition Labour party.

But the 1990 election result has since been challenged. The first attacks centred on the sale of three of the city's cemeteries. Dame Shirley considered them a drain on the public purse, and they were sold to property developers for 5 pence each, a total of £0.15. They were later valued at nearly £10m. The district auditor, a financial watchdog appointed by a central government agency to oversee municipal

finances, said he was inclined to label the sale "unlawful".

Much worse was to follow. The auditor's next job was to investigate complaints by local residents that Dame Shirley had manipulated the city's housing policy in order to rig the result of the election.

The word used was "gerrymandering". Labour councillors claimed that after the 1986 city elections, when the Conservatives' majority had been squeezed, Dame Shirley and her colleagues had identified eight marginal "target wards" (districts) where the next election would be won or lost.

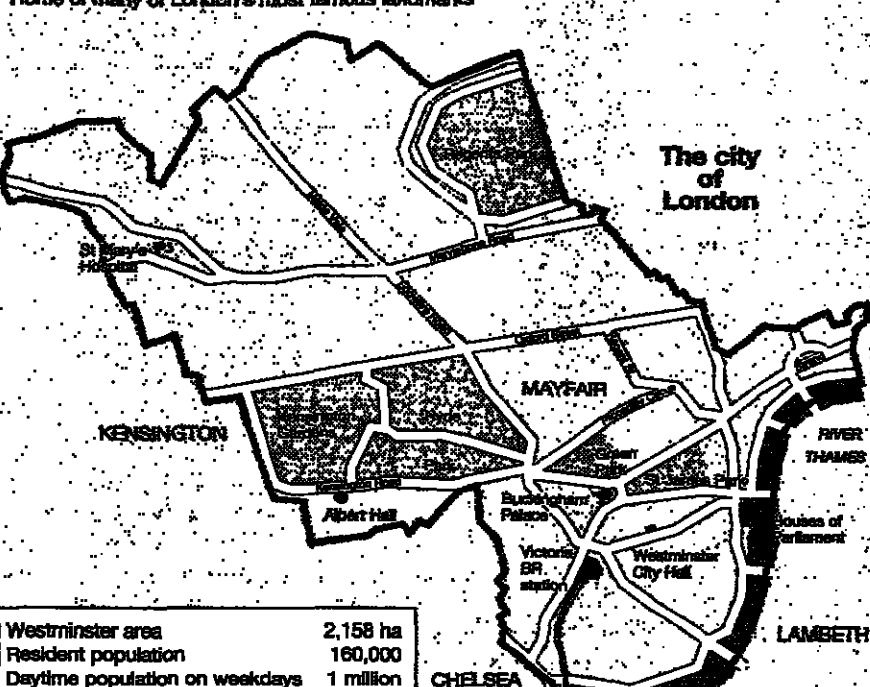
Certain council-owned apartment blocks were earmarked for sale to private individuals. Once the blocks became empty, they were boarded up and kept empty until a buyer was found. The council said it needed to keep a diverse housing stock. Housing in the city's more prestigious areas was among the most expensive in the UK, and officials were worried that no middle-income families would be able to afford to live in the area.

However, Labour claimed that blocks had been designated in "target wards", in line with the political logic that homeowners were more likely than council tenants to vote Conservative.

The district auditor, Mr John Magill, said in January last year: "Both the decision to increase the number of designated sales and the selection of the properties designated for sale were influenced by an irrelevant consideration, namely the electoral advantage of the majority party... My

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provisional view is that the council was engaged in gerrymandering, which I am minded to find is a disgraceful and improper purpose."

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## Row over 'sleaze' spreads to Lords

By James Bitts

The House of Lords yesterday became the focus of a new row over allegations of "sleaze" in British political life after a leading lawyer claimed members had been paid to put questions to ministers in the upper House of Parliament.

As standards of conduct at Westminster come under growing scrutiny, Lord Lester, a Liberal Democrat human rights lawyer, claimed four peers may have been paid to ask questions and take other action in the Lords.

In a private memorandum submitted to a committee investigating standards of conduct in the Lords, Lord Lester said he had received the information from one of his commercial clients.

He refused to name the client, but the memorandum states that the businessman had said "he has paid substantial sums and given indirect financial benefits to some four peers, as well as several members of the House of Commons, to ask questions and take other action on behalf of him and his company."

Lord Lester claimed yesterday his informant had not told him the identity of any of the Lords involved, and that he had not been able to check the information before sending it to the committee chaired by Lord Griffiths.

"I haven't accused anybody," he said. "All I have done is to communicate in confidence to Lord Griffiths' committee something that I was told by a client. I have no idea as to whether the allegations are true, nor as to those who must be involved."

Lord Lester's memorandum will almost certainly strengthen the argument of those calling for Lords' procedures to be tightened up alongside those in the Commons.

Some peers have expressed concern that parliamentary procedures are open to abuse in the upper House, where members receive small salaries for their work and are more open to outside pressures than MPs.

The House of Lords is unable to stand in the way of important government bills. But in last year's session, the power of the upper House was evident as peers amended several items of legislation, including the Criminal Justice, Police and Magistrates and Education Bills.

The Griffiths committee was set up at the end of last year, and it is understood that Tory and Labour peers on the body are divided over whether changes are needed.

### UK NEWS DIGEST

## Bank threatens to freeze pay of many employees

National Westminster Bank told its UK branch banking staff yesterday that many of them would receive no basic pay rise this year, and many could expect increases below the present 2.9 per cent inflation rate. The disclosure, which aroused criticism from banking unions, comes three weeks before NatWest is expected to announce pre-tax profits for last year of £1.5bn.

The scale of profits of the biggest four UK banks is expected to cause political controversy when announced because 1994 is thought to have been their most profitable year for a decade. Lloyd's Bank is expected to disclose pre-tax profits of about £1.3bn next week.

In a letter to 55,000 employees, Mr Martin Gray, chief executive of National Westminster's branch banking business, warned that 1995 will be a "tough year" with intense competitive pressures on costs. He said parts of the business had "not met planned targets" last year. He added: "Costs are rising and income has fallen." Mr Gray said that to offer staff who have contributed to the vast profit expected a cost-of-living and performance increase of nothing defies belief. Robert Taylor, Employment Editor

### Thatcher's son is accused

Mr Mark Thatcher, son of the former prime minister Baroness Thatcher, is being accused of ransacking the office of a Texas aircraft fuel company and stealing from it. The allegations feature in a civil rights action filed in Houston last week by Mr Jay Laughlin, a former business associate of Mr Thatcher, against a Houston police officer who allegedly assisted in evicting Mr Laughlin from the offices of Ameristar, a Houston-based company. The police officer, named as J.H. Oliszewski, was allegedly helped by Mr Michael Winton, "a former British agent who is employed by Mark Thatcher as a bodyguard and personal assistant", the lawsuit states. An associate of Mr Thatcher said he was not guilty of theft and called the suit "unbelievable". William Lewis

### Asylum loophole is closed

A court ruling which could have led to the release of hundreds of asylum seekers held at detention centres was overturned by the Court of Appeal in London. The court allowed an appeal by Mr Michael Howard, home secretary, against the High Court decision that illegal immigrants who applied for political asylum could not be held in custody under immigration law. The court so ruled despite being warned that illegal immigrants might apply for asylum simply in order to flee into Britain while their applications were being processed.

The High Court ruled last month that four men from India were being "illegally detained" through wrong use of immigration laws. But three appeal judges said yesterday that their detention was "justifiable". Lawyers for the four argued that it was wrong that people fleeing persecution should suffer detention in Britain, a country they had been led to believe was "a haven for human rights". PA News

### Borrowing by consumers rises

Consumer borrowing surged in the Christmas shopping period, official figures show. The rise was larger than the City of London had expected, and led some economists to argue that recent pessimism about collapsing consumer confidence had been exaggerated. Official retail sales data for December, published last week, indicated that a last minute rush had pushed sales to record levels.

But with sales in the quarter as a whole still well below retailers' expectations, some economists suggested that the surge in consumer borrowing in December might simply reflect the increased popularity of credit cards and other forms of borrowing. The level of consumer credit excluding mortgages rose 11 per cent in the year to December compared with a 9.9 per cent growth in the year to November - and a 5.5 per cent annual growth rate in the previous December. Gillian Tett, Economics Staff

■ Watchdog widens remit: The Securities and Investments Board has formed a working group to examine the "international dimension" of its role as the City's chief regulatory watchdog. The initiative follows widespread concern about risks stemming from the growth in the use of derivatives. Mr Andrew Large, SIB chairman, said the use of derivatives was more than a passing fad and was "fundamentally changing the nature of our business".

■ Rail inquiry demanded: The opposition Labour party demanded an inquiry into the appointment of N.M. Rothschild and Smith New Court as merchant bankers and brokers for the sale of Railtrack, the state-owned rail infrastructure company. The party pointed to the appointment in recent years of a number of former Conservative ministers to the boards of Rothschild and Smith New Court.

■ US wins poll on directors: Company directors in Britain trail their US counterparts in leadership skills, says a survey of 706 directors in 500 UK companies commissioned by KPMG, the accountancy firm. British directors also rated the heads of German and Japanese companies above their British counterparts. Mr Richard Branson, Virgin founder, was rated best business leader, with Lord Hanson, chairman of Hanson, second. Third was Sir John Harvey-Jones, former ICI chairman.

## Senior Treasury official is visiting Bermuda and three other Crown islands

## Offshore investor protection to be updated

By Sue Stuart  
in the Isle of Man

The Treasury is reviewing investor protection in four of the UK's dependent territories for the first time since the Conservative government opened the door to certain offshore unit trusts for UK investors in 1988.

Bermuda, Jersey and Guernsey near the coast of France; and the Isle of Man between England and Ireland acquired designated-territory status in 1988, allowing them to market authorised collective investment schemes directly into the UK.

The four islands were found to provide investor protection equivalent to that provided in the UK. The islands are

The offshore investment management industry has been growing steadily over the past five years, Roger Taylor writes in London. Most UK banks and fund management groups have subsidiaries operating from "designated territories" which are dependencies of the Crown but outside the European Union. Jersey, Guernsey and the Isle of Man have about £40bn (£62.4bn) of retail investment funds between them compared with about £100bn in the onshore UK unit trust industry. Three-quarters of bank accounts in the Jersey and Guernsey are in

self-governing dependencies of the British Crown with their own legislatures and regulatory authorities for financial services.

To gain designated-territory status they had to introduce legislation that matched the UK's Financial Services Act 1986 in aspects of investor

protection on funds which they authorised. Offshore authorised funds have to comply with detailed requirements on structure and investment policy. Fund managers have to comply with requirements on conduct of business and financial resources. Investors in offshore

authorised funds are entitled to statutory compensation if the fund's custodian, manager or trustee is unable to meet liability, as in the UK.

But the UK's legislation was amended in 1991 and again last year, leaving the four islands outdated.

Mr Brian Morris, of the

securities and investment services group of the UK Treasury, has begun visiting the islands to discuss necessary changes.

He said: "Given the passage of time since designation was granted in 1988, and given changes in the UK regulatory regime, it seemed appropriate to revisit the earlier judgment that these regimes provided equivalent investor protection as required by UK legislation."

Mr Morris has visited Bermuda and the Isle of Man. Jersey has not yet been visited but is already preparing new legislation in anticipation of the UK's requirement. Of the island's total 285 open-ended funds, 27 are authorised and can be freely marketed in the UK.

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## Kingfisher pays Mulcahy personal tax advice bill

By William Lewis

Sir Geoffrey Mulcahy, chief executive of Kingfisher, has personal tax advice for him and his wife Lady Valerie paid for by the company.

The payment has not been declared to the retail group's shareholders until now and has never been included in his remuneration as reported in the annual report.

The cost to Kingfisher of the tax advice has been approximately £4,000 each year since the early 1980s. Fifteen days ago, on January 20, Sir Geoffrey authorised the payment of a £4,230 invoice from Coopers & Lybrand for advice it had given on his and his wife's personal tax affairs during 1994.

Details of the tax advice payment were given along with other documents available for inspection by shareholders. It shows that Sir Geoffrey himself authorised the payment of £3,600 to Coopers & Lybrand for professional services plus £630 value added tax.

A fee note dated January 17 1995 from Mr Mike Curran, a Coopers & Lybrand manager, to Sir Geoffrey states: "The agreed practice is for the invoice to be passed to the Kingfisher finance department for care of Susan O'Donovan for settlement, subject to your agreement."

Last month Kingfisher's chief executive and finance director were ousted following news of poor trading at Comet and Woolworth. Sir Geoffrey was also demoted to chief executive from his position as executive chairman.

Mr Nigel Whittaker, another



Sir Geoffrey: payments not included in annual reports

Kingfisher executive director, described the fact that the cost of tax advice had not been included in Sir Geoffrey's stated pay as an "oversight".

He said Sir Geoffrey had declared the benefit in his own tax return and that the cost of the tax advice would be included in his total emoluments in the company's next report and accounts.

A detailed breakdown of the work done for Sir Geoffrey by Coopers & Lybrand and paid for by Kingfisher includes:

- "Preparation of the stock transfer form transferring British Gas shares from Sir Geoffrey and Lady Valerie into Lady Valerie's sole name."
- "Work undertaken in connection with inheritance tax issues for Sir Geoffrey."
- "Correspondence with Sir Geoffrey, Lady Valerie and

third parties gathering information for their tax returns for the year ended April 5 1994."

Sir Nigel Mobbs, who has taken over temporarily from Sir Geoffrey as chairman of Kingfisher, said the company has paid for Sir Geoffrey's tax advice for many years. "It's been going ever since he became a director of Kingfisher," he said. "To withdraw it would be a change of the terms of his employment."

Sir Nigel also said the remuneration committee, of which he is a member, would discuss at its next meeting the length of executive directors' service contracts and their pay levels.

Kingfisher shareholders last week expressed concern that four executive directors have three-year rolling contracts entitling them to large pay offs if they are forced off the board. They also want to see Sir Geoffrey's total pay, £1.31m for the year to January 29 1994, cut. However, Sir Geoffrey and two other executive directors have clauses in their service contracts which ensure that their basic pay cannot be cut.

"The salary shall be reviewed by the company no later than August 1 in each year and may be increased but not reduced," Sir Geoffrey's contract states. The company said yesterday that his £650,000 basic salary had not increased since August 1 1993.

While it is relatively common for large US public companies to pay for their directors' personal tax advice, it is always declared to shareholders. Remuneration consultants say it is still rare for UK companies to pay for such advice.

## Prices set for £4bn generator share sale

By Peggy Hollinger

The first instalments in the government's £4bn sale of its remaining 40 per cent of its shareholdings in Britain's two largest electricity generators are likely to be set next week at 170p per share for National Power and 185p for PowerGen.

Details of the partly paid offer will be published on Monday in the pathfinder prospectus for one of the largest international equity offers expected this year.

The shares are being offered in packages of three National Power to two PowerGen.

The UK public offer is due to open on February 16 and close on March 1. The international offer closes on March 3.

The first instalment applies only to private investors. The first institutional instalment will be set after a book-building exercise which begins later this month.

The sale has been arranged so that payments will be made in three different tax years. For each company, the second instalment for UK retail investors will be the same as the first.

The price of the third instalment will be set on March 3, the day the partly paid shares are due to begin trading. The price will depend on market conditions and the demand shown by institutions.

The pathfinder is also expected to include a dividend forecast for 1994 and 1995, and the minimum investment allowed under the offer. Investors will be most interested, however, in the section of the prospectus covering regulation.

National Power shares closed yesterday down 1p at 475p. PowerGen finished 5p down at 512p.

## Greg Dyke to become director as Frank Barlow leaves board Gerry Robinson to chair BSkyB

By Martin Mulligan

British Sky Broadcasting Group, the satellite television company, announced yesterday that Mr Gerry Robinson, Granada's chief executive, is to replace Mr Frank Barlow as chairman.

Mr Barlow, managing director of Pearson, which owns the Financial Times, will also step down from the board to be replaced by Mr Greg Dyke, chairman and chief executive of Pearson's television interests.

BSkyB shares rose 5 1/2p to 263 1/2p on the news.

Mr Barlow, who has been chairman since 1991, said: "Pearson recently recruited Greg Dyke. It is therefore sensible that he should be Pearson's representative on the board of BSkyB."

"I have been happy to have chaired the company through the period of its successful flotation."

He added that Mr Dyke's "considerable experience of broadcast media" would form "a valuable addition to the board of Sky".

Mr Sam Chisholm, chief executive of BSkyB, praised the "important contribution to

the success of Sky" made by Mr Barlow, adding: "I am delighted to welcome Greg to the board and we are fortunate to have a man of the calibre of Gerry Robinson to take on the role of chairman."

Mr Robinson said yesterday: "Granada has a fairly chunky interest at 11 per cent. It is important that we stay close to that. We have very good relationships with that management team."

He hoped that the decision would finally end "unwarranted speculation" that Granada was about to sell its stake.

He saw Granada as a BSkyB holder rather than merely an investor.

"Granada had every opportunity to sell off its shares at the recent BSkyB flotation and chose not to do so. Yes, at some point we are likely to sell, but at a point when we have some other investment to make. And there is nothing on the horizon," he said.

BSkyB floated in London and New York on December 8. Mr Rupert Murdoch's News Corp now has 40 per cent with Charbonnet of France holding 17 per cent and Pearson having 14 per cent.

## Well balanced on three legs?

Dalgety has pared down its operations from the diversification of the 1980s, writes Roderick Oram

### Dalgety

Operating profit by activity (Total £136.5m)

Year to June 30 1994

Agribusiness 34.2

Food distribution 18.4

Food ingredients 22.9

Estimated operating profit by activity (Total £168m)

Year to June 30 1993

Agribusiness 45

Food distribution 13

Food ingredients 22.9

Others 9

Petfoods 65

Source: Henderson Crosthwaite

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Source: Henderson Crosthwaite

## Theft of £3m in cheques and trading statement hit AAH

By David Wighton

Shares in AAH fell 39p to 282p after the pharmaceutical distribution group issued a profit warning and announced that £3m of customer cheques have been stolen.

It is believed the cheques were stolen between the postal sorting office and AAH Pharmaceuticals' premises in Runcorn, Cheshire.

Mr Bill Revell, chief executive, said it appeared to have been a sophisticated operation involving the opening of dummy bank accounts in AAH's name.

He stressed, however, that the company had taken steps to ensure a full recovery and that any cost to the company

was likely to be minimal.

"We would not have reported it at all had it not come to light just before we were due to make the trading statement," he said.

The statement warned of a further downturn in trading at its environmental services division which provides waste management services and rents out vehicles to local authorities.

Mr Revell said that the new problems related mainly to over-aggressive tendering on a small number of new local authority contracts.

He said that management had failed to take fully into account the impact of the May court ruling requiring companies taking over contracts from

local authorities to take on the existing workforce on their existing pay and conditions.

AAH estimated that the division would make a loss of £3m for the 12 months to March 31, compared with £2.5m last year.

AAH also warned that its distribution services business would report operating profits substantially below last year's £2.3m.

But the company stressed that its core wholesaler and retail healthcare operations continued to perform "soundly" and said it intended to pay a maintained final dividend of 11.9p.

Stockbrokers Smith New Court cut its profit forecast from \$36.5m to \$30m.

## Heseltine to scrutinise Trafalgar bid

By Peggy Hollinger and Chris Tighe

Mr Michael Heseltine, the trade and industry secretary, will this weekend be examining the hostile £1.2bn bid by Trafalgar House for Northern Electric, the electrical utility.

Sir Bryan Cusberg, director general of fair trading, yesterday delivered his advice on referral to the Department of Trade and Industry. He is understood to have made broad recommendations to the DTI, implying he has not called for a simple referral.

Mr Derek Foster, the Opposition chief whip who has taken a keen interest in the issues raised by the bid, said the Office of Fair Trading hoped for a decision on referral next week. It had indicated it believed Mr Heseltine would need to confer with Mr Tim Eggart, the energy minister, before announcing a decision.

Some industry insiders expect that the government will seek to avoid controversy over its privatisation programme by leaving the decision on the takeover of a utility with the Monopolies and Mergers Commission. Others believe it will decide that a six-month inquiry could cause more damage in the long run.

## Etam warns on second half

By James Whittington

Shares in Etam plunged 15p to 185p yesterday after the women's fashion retailer issued an early operating profit estimate for the year to January 28.

The group warned that second half trading had been difficult and it expected operating profit to be between £11m and £12m, compared with £14.5m last year. Analysts subsequently downgraded their forecasts from as high as £16.5m.

In October, after reporting a good first half, Etam warned of a slightly weaker trend at the

beginning of the second six months.

The company said the past six months had been worse than expected. The autumn/winter range was "less acceptable to our customers than in the past" and had been particularly hit by mild autumn weather. One analyst forecast sales for the six months to be down by about 10 per cent.

Etam also suffered from the continuing refurbishment and retail programme which aims to update its merchandise and attract new customers. More than 60 of its 224 stores

have so far been affected.

It intends to maintain the final dividend at 5.75p, which with an increased interim of 1.50p gives a total of 7.25p.

However, analysts said the poor expectations had resurrected speculation that Oceana, the South African family group which holds 38.5 per cent of the shares, might consider another bid for the company.

The bid in 1991, Mr Michael Lewis gained a position on the board and has publicly said he would back the group's strategy for recovery.

## Sterling Publishing market value halved

By Nigel Clark

Sterling Publishing Group saw its market capitalisation halved yesterday after warning that profits for the year to March 31 would be significantly short of expectations.

The USM-owned publisher of international reference books and magazines blamed problems in eastern Europe, mainly Russia, for a fall in sales and the collection of debt being slower than usual.

Granville Davies, the company's broker, has cut its forecast from £7m, representing a flat performance on 1993-94, to between £3m and £3.5m. Of the fall, £1m represents an extra provision for bad debts.

The shares fell 50p to close at 45p.

Ms Clare Whitley, finance director, said: "The Russian economy is more uncertain at

the moment with the Chechnya situation and sales for publications in February and March have been lower than expectations."

Following the company's decision to move into eastern Europe in 1993-94, the area now accounted for 40 per cent of revenues.

Ms Whitley said that in the past the company had done well in the market, which remained an important source of profits and cash flow.

Provisions would be made to cover the debts unpaid at the end of the year, but she was confident that most of them would eventually be honoured.

Sterling said various actions were being discussed to improve performance but would not comment further other than saying it would not involve closing any of its titles.

## British Coal completes smokeless fuel sale

By Peggy Hollinger

British Coal yesterday concluded the sale of its smokeless fuel subsidiary, bringing the total raised from the sale of coal assets so far to more than £1bn.

Coal Products, the UK's largest maker of solid smokeless fuel and foundry coke, is being sold to a venture capital-backed management and employee buy-out team for £72m.

The deal leaves British Coal with a range of property and other assets which are to be sold as part of the privatisation programme. The disposals are expected to raise at least a further £300m for the Treasury in the coming months.

Next on the agenda will be the Coal Research Establishment, for which there are three shortlisted bidders. In the next few weeks the government is

also expected to announce details of the sale of its property portfolio, which has an estimated value of more than £100m.

The sale of Coal Products was hotly contested, with four bidders hoping to win the fuel group. The buy-out team, led by Mr David Foster, operations director, was chosen in December as the preferred bidder.

### Stakis acquisition

Stakis, the hotels, property and leisure group, has bought Westpoint Hotel in Strathclyde from Salthire for £4.75m cash.

In the year to January 1 1994 operating profits were £22,000 from turnover of £2.45m.

Net book value of the hotel and the assets being acquired at the end of the period was \$4m.

## Directors' payroll rises 20% at Rank

By David Blackwell

The Rank Organisation raised total emoluments to its directors by 20 per cent in the year to October 31, from a restated £2.18m to £2.62m, according to the report and accounts.

The 1993 figures have been restated as Rank has decided to include performance-related pay in the year in which it is earned rather than when paid. Under the old system total emoluments in 1994 would have been 31 per cent higher at £2.57m (£2.18m).

Mr Michael Gifford, chief executive, received a 6.1 per cent rise in salary to £233,000. His bonus and other benefits makes a total of £488,000, up 23 per cent. Pension contributions of £40,510 were paid.

Mr Terence North, managing director of the leisure division, received a 10.8 per cent rise to £182,000 - the salary paid to all six remaining executive directors. But his total remuneration fell by 3 per cent to £201,000, in line with the fall in profits in that division.

Mr James Daly, managing director of the film and television division, received total remuneration of £281,000, up 49 per cent, reflecting a rise in the division's profits from £45.4m to £68.5m.

## SE blows marketmakers' cover

By David Wighton

The Stock Exchange has dealt another blow to marketmakers' efforts to keep large share stakes secret by ruling that companies can publish details of holdings provided by marketmakers following the issue of section 212 notices.

These notices, which require the recipient to disclose the beneficial owner of shares in

their possession, have been used by Northern Electric and Yorkshire Electricity to force Swiss Bank to disclose holdings of 3.5 per cent in Northern and 8.2 per cent in Yorkshire.

Swiss Bank, adviser to Trafalgar House in its £1.2bn bid for Northern, entered into derivatives contracts with Trafalgar related to several electricity companies' share prices. It did not disclose

stakes on the grounds that they were marketmaking positions. Marketmakers are exempt from the rule that share stakes of over 3 per cent must be disclosed.

Only when the companies issued 212 notices to Swiss Bank were the stakes revealed. Swiss Bank complained on publication but the Stock Exchange ruled that the companies were entitled to do so.

## Causeway raises £65m from its third fund

By Richard Gourley

Causeway Group, an independent supplier of development capital funds, yesterday announced it had raised a new £65m fund, bringing the total under its management to £230m.

Mr David Secker Walker, a founder director, said the funds were raised in roughly equal proportions from US and UK institutions and that about two thirds of the investors had been involved in its two previous funds.

He said now was a good time for development capital investment. "Small UK companies, particularly in middle and heavy industry, are per-

forming well and yet the new issue market is overloaded."

"Managements are turning to funds such as ours for buy-out and development capital finance," he added.

Causeway focuses on deals of between £5m and £20m.

Premier purchase

Premier Consolidated Offfields now owns, has received acceptance or has agreed to acquire 28.2m Pict Petroleum shares, representing 54.44 per cent.

Accordingly, the recommended £102m offer has become unconditional as to acceptances.

## J Smurfit director steps down

Jefferson Smurfit, the Dublin-based paper and packaging company, said Mr Howard Kilroy, its president and chief operating officer, would step down at the end of March, writes Deborah Hargreaves.

Mr Kilroy, 59, will maintain a seat on the board as a non-executive director and has agreed to act as a consultant to the company for 5 years.

His retirement is part of a change in the structure of senior management to reflect the group's growing geographical spread. This involves setting up an executive committee consisting of four regional chief executives, the chief financial officer and the sales and marketing vice president.

### RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends in arrears	Total for year	Total last year
Dalgety	8 mths to Dec 31	2,582 (2,451)	60.5 (58.4)	17.8 (17.2)	5.5	July 3	8	21.15
Investment Trusts								
Barclays Bank	9 mths to Dec 31	128.2 (112.5)	1.298 (-)	6.27 (-)	2.284	Mar 30	13	13
Options	9 mths to Dec 31	692.14 (704.19)	0.542 (0.541)	13.55 (16.03)	2.34			

Options shown net. Figures in brackets are for corresponding period. SUEM stock: 24 March 17 1994. \*Announced on Jan 10.



## Big Blue dresses for a picnic

**Don't go away without RA**

صبرنا من الامل



## COMMODITIES AND AGRICULTURE

## WEEK IN THE MARKETS

## Early fears vanish as prices ease

Fear gripped metal producers this week when some of the speculators and investment funds whose buying had helped to drive London Metal Exchange prices sharply skywards in 1994, started to sell and take their profits.

Copper prices fell below the psychologically important US\$3,000 a tonne level, dragging other LME metals down with it and causing serious concern among producers that prices were about to crash.

But prices stabilised at the end of the week, helped by a substantial fall in stock levels reported by the exchange yes-

terday, and many analysts suggest that demand for most of the LME metals is so strong this year that prices are still some way below their potential peak for this economic cycle.

"The frenetic performance of the non-ferrous metals in recent weeks reflects sustained strength in the fundamentals," said Ms Rhona O'Connell at stockbroker T. Hoare & Co. "While there are differences within the sector, the overall trend is still up. Even if, as we believe possible, a proper correction develops towards the year-end, this year's average prices will in general be markedly higher than those of last year. The metals' strength has a good nine months more to endure."

Giving his views on the copper market to Renter, Mr Fred Demler, senior vice president at E & F Man International in New York, suggested that copper stocks, at present equivalent to only 5.1 weeks of supply, might fall below four weeks by the end of 1995. Copper prices would set new highs during the course of the year, he predicted, and reach \$1.60 a lb (\$3,528 a tonne), and "there is an outside chance that copper may touch \$2 a lb (\$4,408 a tonne) if inventories fall more than expected."

Three-month copper closed last night at \$2,880.50 a tonne, down another \$3 on the day, having slipped by \$113 or 3.7 per cent during the week.

Only recently copper reached a 54-year peak of \$3,085 a tonne, while nickel was also at its highest for 54 years at \$2,195 a tonne, while nickel reached a 54 year high of \$10,500 a tonne.

An indication of the strength of metals demand came on Monday from the International Lead & Zinc Study Group, an intergovernmental organisation, which estimated that demand for both metals reached record levels in 1994. Zinc consumption increased by 198,000 tonnes to 5.72m tonnes, 3.5 per cent ahead of 1993 and 6 per cent up from the 1992 total. Lead consumption, at 4.78m tonnes, was up by 5.3 per cent from 1993.

Nickel prices had risen 30 per cent in the past few months and were due for a correction, brokers Ruxford Wolff warned in a market update yesterday. The price could fall to \$9,640 a tonne if the funds sold some of their holdings, or even to \$9,000 without harming the medium-term upward, Wolff said.

Last night three-month nickel closed at \$9,700, down \$117.50 a tonne on the day and \$825 over the week.

Meanwhile, London coffee futures closed weaker as the board last night after a trade and speculator-led sell-off.

The fall was blamed on lack of supportive news from the meeting of Central American coffee producers. But late in the day Renter reported from Guatemala City that the Central American producers would revise downwards their coffee export estimates by between 5 and 10 per cent.

Kenneth Gooding

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Unrefined Metal Trading)

ALUMINIUM, 99.99% (20 tonnes)

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

## Precious Metals continued

## GOLD COMEX (100 Troy oz; \$/troy oz)

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5

	Close	High	Low	Open
2004-5	2004-5	2004-5	2004-5	2004-5
2004-5	2004-5	2004-5	2004-5	2004-5







# 'It's like living in a bathtub'

## The floods and crumbling dykes have made the Dutch feel helpless, says Ronald van de Krol

A quarter of a million Dutch people found out this week what it feels like to be a refugee, as floods from rain-swollen rivers threatened to engulf their homes.

Families forced to pack their belongings and flee areas in the east of the country experienced for the first time a sense of fear and helplessness that is quite foreign to the Netherlands, one of the most prosperous, placid and peaceful countries in Europe.

For Leslie Rickli, her husband and three children, the sudden evacuation from their home in Culemborg, near Utrecht, created an eerie sense of unreality. "We left our house at 1.30 in the morning and then got stuck in a traffic jam for an hour because of all the people leaving Culemborg," she says. "Houses all around us were being emptied, people had taken down their curtains and the lights were all burning in the middle of the night. It was like a war had started."

The Rickli family took only clothes with them, after moving photo albums and some other belongings to the attic. But some residents of the same neighbourhood loaded up trailers and vans with bikes, video-recorders, furniture, refrigerators and anything else they could manage.

The exodus was the biggest peacetime movement of people in the Netherlands, recalling for older people the disastrous coastal floods of 1953, when more than 1,800 died after hurricane-force winds breached sea defences.

Only three people have died this time and the evacuation has been orderly. But the emergency brought home the

### A wall of water 5 metres high is enough to sweep away a lifetime's work

denly been confronted with the danger of horizontal, as opposed to vertical, water.

"It's like living in a bathtub," he says. "If the dyke goes, the water would blanket our area up to a level of four or five metres."

For much of the time, native-born Dutch people ignore the precariousness of their location on the delta of the Rhine, the largest river flowing through northern Europe. But as a nation, they also tend to stake their identities on the challenge the water poses.

The old saying "God made the world but the Dutch made the Netherlands" sums up the

quiet satisfaction of a country where two-thirds of the population can live below sea level. Their tradition of building barricades, reclaiming land and pushing out the water is 1,000 years old.

The Dutch are used to rivers flooding their banks in the winter. What terrified them this time was the possibility that river dykes would subside, exposing the villages and towns behind and below them to a rush of water. They felt that these floods were not so much a force of nature as a predicament that could have been prevented, if only dykes had been better maintained.

There have been allegations that river dykes have been neglected in favour of sea defences. But long-standing plans to bolster river defences by replacing many of the earthen dykes with concrete barriers have faced strong opposition from environmental protesters. Many of the new dykes would have been taller, wider and straighter than the existing ones, and were regarded as an eyesore.

Prime Minister Wim Kok tried to head off a debate on responsibility for the flooding when he said this week: "Now is not the time to make accusations at each other. But that did not stop a flash of anger against the government and a



Dutch floods: urban areas have not been safe, but nor has the countryside, with some farmers having to evacuate their livestock

backlash against the environmentalists.

The truth is that most people had come to take the dykes, and their crucial role, for granted. This is particularly true for the generation that remembers the 1953 floods only from old newscasts. Now, the threatened collapse of inland

river dykes has served as a reminder that lives depend on the network of grass-covered barricades of sand and clay, which most people associate with pleasant bicycle rides in the countryside.

For businesses, the potential crumbling of the dykes brought home the country's

lack of insurance for flood damage. A wall of water 5 metres high is enough to sweep away a lifetime's work.

Peter van den Broek, whose family runs a delicatessen specialising in cheeses and nuts in Tiel, near Nijmegen, managed to get the cash registers and weighing machines up to the

attic before the evacuation order came. In the shop, the refrigeration units were put on metre-high pallets and the electricity turned off before the family car left for Amsterdam.

His neighbour, owner of a do-it-yourself store, had to leave all his merchandise as it was, because his staff had

rushed home to start packing. If the dykes hold, the delicatessen shop will escape water damage. "But it's already costing us because we're not generating any turnover, and our fixed costs are still the same," he says.

His wife has insurance against loss of income, but the Van den Broeks suspect that this will only cover illness, not floods or evacuation.

A subtle irony to this week's mass exodus is that many of the 250,000 evacuees headed for the homes of relatives and friends in the main population centres of Amsterdam, Rotterdam and The Hague. Here, they find themselves still well below the water line - on average, about 4 metres below sea level and dependent on the Netherlands' sea defences of dunes, dykes, locks, tidal barriers and pumping stations.

Vivienne Lourens, a student of hotel management, waited in her home village of Zwamenburg, between Amsterdam and Haarlem, for the flood waters to recede before she could return to her student accommodation in Borgeham, near Maastricht in the flood-threatened area.

Her village, built in a low-lying polder of reclaimed land, was certainly safe ground in this week's battle against the rivers. But until lately it, too, is in the frontline of the Netherlands' continuing struggle against the sea.

Like most residents of the Netherlands, however, she is not scared by that position. "I wouldn't want to leave the polder," she says. "I'd hate to be away from the water."

## Christopher Bobinski and Virginia Marsh on doubts over the future of economic reforms in Hungary and Poland

Five years ago, Hungary and Poland were two of the greatest hopes of the eastern European revolution, examples to other Soviet satellite states of how to throw off the yoke of the "evil empire".

In Budapest they chose the path of economic reform, pioneering moves to a market economy even before they had overthrown the rule of the Communist party. In Warsaw, Mr Lech Walesa and the Solidarity movement embraced democracy and began liberalising their creaking state enterprises.

Those heady days are over. Today both countries seem to have slipped back into a state of anxiety and confusion. Both have re-elected old Communists to power, albeit ones professing to have seen many of the errors of their ways. Yet they remain caught in a conflict between the innumerable advances of economic reform, and the desire to preserve something of the old certainties, structures and social solidarity.

In Warsaw, government has been brought almost to a standstill by the confrontation between an increasingly isolated President Walesa, who still sees himself as guardian of the revolution, and the coalition of ex-Communists and peasants which now controls almost two-thirds of the seats in parliament.

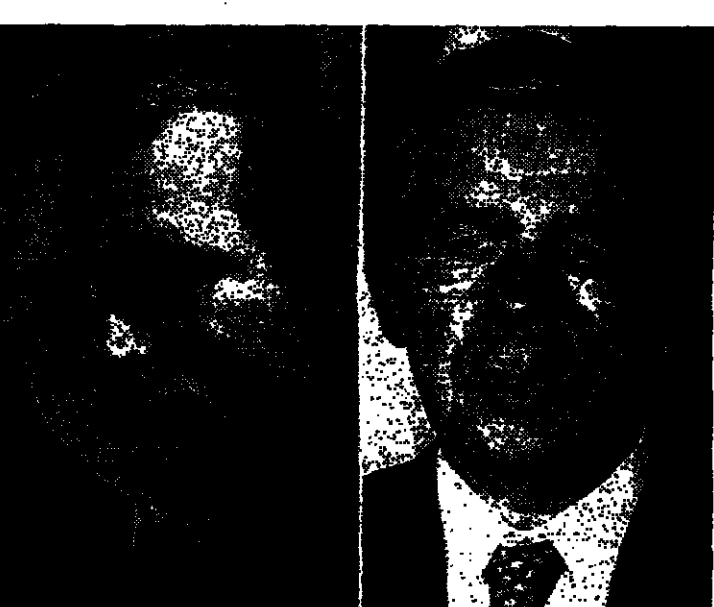
In Budapest, the government's economic strategy is drifting, with three key economic jobs vacant - those of the finance minister, the central bank governor and the head of the privatisation agency. The confidence of foreign investors is shaken, but the government believes its ambivalence about reform is shared by the electorate.

The irony is that in both countries, regardless of the political confusion - quite possibly also because of it - the economic reform process continues on the ground, where small businesses are thriving.

So far the Polish economic reforms introduced in 1990 appear to be working. Despite the lack of enthusiasm in some parts of the government for free market solutions, growth last year reached 5 per cent - largely thanks to a private sector which accounts for over half of gross domestic product.

The International Monetary Fund team in Warsaw to monitor Poland's current standby agreement

## Yearning for the old familiar



Ready days are over: Lech Walesa (left) and Gyula Horn

will hear of no shortcomings, according to Mr Grzegorz Kolodko, the finance minister. Exports last year were up by 20 per cent as imports grew by 13.5 per cent, producing a \$4.5bn trade deficit.

Industrial sales grew by 12 per cent, twice as fast as in the previous year. Only inflation, at 32.5 per cent, was higher than expected, though still several points lower than in 1993.

Yet economics is not what is motivating Mr Walesa: politics is the key. He faces a presidential election next November which he looks set to lose. The polls show that he is lagging behind all other serious contenders, including the veteran dissident, Mr Jacek Kuron, and the polished former Foreign Minister, Mr Andrzej Olechowski.

The answer he has hit upon to his falling glamour is the confrontation with the Sejm and Senate, the two chambers of parliament. "Democracy has come to pose a threat to itself," Mr Walesa said in a radio

interview this week. He will argue in his presidential campaign that the failings of the past five years are due to his lack of executive powers. Yet the evidence suggests that, if he dissolves parliament, the electorate will simply vote back the same ex-Communist majority - only 14 per cent of the population favour dissolution, and 60 per cent are opposed.

In Hungary, the new government's reluctance to take the tough measures to keep the country's reform efforts on track, has undermined its reputation as the pioneer of change, just as the country was set to reap the rewards of four years of gruelling market-led reform.

The Socialist-Liberal coalition which won an overwhelming 72 per cent of the mandate in general elections last May, inherited an economy that had been largely liberalised. In just four years, the legal framework for a market economy was established, much of the state sector privatised and, on the back of

US\$7bn in direct foreign investment, the private sector's share of the economy has risen to more than 50 per cent of GDP, contributing to an estimated 3.5 per cent increase in GDP last year.

But the Socialist-led government also inherited a greatly weakened public sector which has borne the brunt of the recession, and a population polarised by its differing fortunes in a competitive economy.

The task of the new government, which pledged to complete the transition to a market economy, is greater than its predecessor's. Many of the most obvious targets for privatisation - typically companies in the consumer goods, services, tobacco, food and pharmaceutical sectors - have long been sold off. The least attractive companies or those most difficult and sensitive to privatise, such as utilities and banks, remain in state hands.

The state's ability to manage privatisation has been weakened by the defection of many experienced civil servants to the private sector. Added to this is the ambivalence of many in the new government, including prime minister Gyula Horn, to deep economic reforms.

That was the background to the resignation last weekend of Mr Laszlo Bekesi, the liberal finance minister. He had argued that, with two-thirds of parliament and a four-year mandate, the government could take tough but unpopular measures early on in its term and benefit from a growing economy in the run-up to the next elections.

But it has proved difficult for former communist ministers with limited understanding of market mechanisms to countenance the radical cuts in spending demanded by Mr Bekesi or agree to sell off the large state companies that some of them helped create. Their hesitancy reflects the ambivalence to reform of the voters which returned them with 54 per cent of parliament.

That is the dilemma in both Poland and Hungary. And yet a double irony remains. In both countries democracy is working, by bringing back to power the old opponents of democracy. And in both economic reform is still under way, despite doubts and delays at the heart of government.

Supper is on the table and the phone rings. The caller asks for the previous occupant of the house who died two years ago.

He then proceeds to claim it is you he wants after all, for he is convinced you will be fascinated to learn that a "consultant" will be visiting your area next week to advise on replacement windows - or perhaps it is stone cladding, new kitchen units, or one of a host of other goods or services in which you have not the slightest interest.

If you live in some parts of the US, you may even find your meal interrupted by a randomly dialling computer and the sales spiel is a recorded message. This practice has such potential for jamming lines and other misuse that it is outlawed in many countries, including the UK, and in some US states.

The potential of the telemarketing call to annoy - in particular "cold" canvassing - is out of all proportion to the actual number of calls received by consumers. In the UK, for example, it is thought the average person receives no more than one call a month. Figures are hard to come by, but the tally could well be considerably higher in the US, where phone usage overall is about four times greater.

Once it was junk mail that was the focus of opprobrium; now it is more likely to be the phone that attracts the flak. Robert Leiderman, chairman of the UK's newly formed Telephone Preference Service (TPS), which aims to weed out consumers who do not want to be called, highlights the power of the phone. "If it rings, it's answered. When was the last time you leapt out of the bath to open a piece of mail?" he asks.

Recognition of this power, its potential for abuse and the shadow cast on the direct marketing industry led to the launch last week of the UK's self-regulating TPS.

At a federal level in the US, there has been a tightening of rules under a new Telephone Consumer Protection Act. Within the European Union, Germany takes the longest stance by outlawing most cold calling. Meanwhile, at a pan-European Union level, at least three separate directives that touch on the subject are in the pipeline.

The UK's Direct Marketing Association-led TPS is very similar to a scheme that has been in place in the Netherlands for about six years. The UK body has the support of Ofcom, the telephone regulator,

## A false ring to it

### Diane Summers on efforts to control 'junk' telephone calls

I think you may have noticed, but I'll tell me more about this "double glazing".



COOPERATIVE

charity fundraisers and the Glass and Glazing Federation, among others.

The scheme works, from the consumer point of view, as follows: domestic phone subscribers can ring with Mercury and ask for further information and a form to register the fact that they no longer wish to be cold-called by any company. The information takes about three months to circulate, at which point most calls should cease. The consumer cannot be selective and will continue to receive calls from companies which do not sign up for the voluntary scheme. Excluded from the TPS scheme are: sales calls to business, numbers, faxes, market research calls, and calls from companies with which the subscriber has some contact. Businesses choosing to participate will foot the cost of the scheme by paying an annual licence fee of between £75 (£119) and £2,500, depending on size, plus extra for the lists or computer tapes containing the names and numbers of subscribers who have opted not to be

canvassed. In return companies will get better targeted prospects. Such self-regulatory preference services could develop in other EU countries, and lists of consumers choosing to opt out could be exchanged between countries.

Indeed, one draft EU directive - the Integrated Services Digital Network directive - contains a requirement that member states have a preference service which includes telephone market research on top of the items already covered by the UK scheme.

Proposed EU legislation - the other relevant draft directives are those on data protection and distance selling - are not expected to become law in member states for, perhaps, three years. A European Commission green paper on commercial communications, meanwhile, is expected shortly.

EU experts are bound to keep an eye on developments in the US, where telephone marketers are getting to grips with laws which now require them to restrict the hours of calling to between 8am and 9pm and which tighten up the use of automated dialling. For example, phone lists must be released by automated systems no more than five seconds after a subscriber has hung up. There had been horror stories of people unable to dial emergency services because their phone lines were jammed by pre-recorded messages.

According to Greg Daugherty, an editor on the magazine Consumer Reports, the telephone sales call issue is still a huge irritant in the US. "In my own household, it's a rare evening that the phone doesn't ring with someone trying to sell something. People come home from work and have so few hours of personal life to begin with. To have someone calling you on the phone and trying to sell you something is all the more aggravating."

Connie Heatley, a senior vice-president of the Direct Marketing Association in the US, points out that the US has its own preference service, which has drawn less than 1m consumers on to its books, indicating that many people, such as her, can find the cold call a valuable source of information.

"I only became involved with Mothers Against Drunk Driving because I received a phone call," she says.

For those who do not like their supper to be a heavy cold, Consumer Reports has a handy tip: don't sit down to eat until after 5pm.

## 'Lemon' measure of the value of executives

From Prof Mark P. Taylor. Sir, Participants in the debate concerning salary increases paid to chief executives of British Gas and privatised utilities seem to have overlooked the basic economics of the case. Put simply, if executives have been working for a certain salary level for years, they have signalled they are unable to find a higher salary elsewhere. Their salary is a measure of their quality as judged by the market.

Does increasing the salary by, say, 75 per cent increase the executive's quality? Clearly not. Although this seems common sense, arguments like this form the basis for an area of information economics known generally as "the market for lemons". In the US, "lemons" is slang for dud - if someone sells you a second-hand car at a very low price, you know it's probably a "lemon". Given this information, only a fool would offer more money for the car in the belief that this would improve its quality. Clearly, privatised companies should pay their chief

executives internationally competitive salaries. But the present incumbents of these posts have signalled, by the level of salary that they have accepted for years, that they are not in this league as judged by the market. If they were, they would have been headhunted by a big multinational long ago.

The solution is to advertise the chief executive position. Attracting a high-calibre individual with a proven track record will be costly because of present salary and/or competing job offers. Attracting the present incumbent is likely to involve only a nominal increase over present salary.

Recent pay rises paid to Cedric Brown and the chief executives of the various recently privatised utilities cannot be justified on sound "market-based" economic arguments. Mark P. Taylor, professor of financial economics, University of Liverpool, Eleanor Rathbone Building, Myrtle Street, Liverpool L69 3BX, UK

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "Rnc"). Translation may be available for letters written in the main international languages.

## Disintegrative effects of the free market

From Dr D.W. Elwood. Sir, How the ancient critics of capitalism would be amused to see Francis Fukuyama and Ian Davidson discover the free market's disintegrative effects on community, religion and family, and the negative economic consequences of a crumbling social fabric ("The space in between", February 1). Marxists down to Eric Hobsbawm have always said as much, but it was a liberal con-

servative, Joseph Schumpeter, in *Capitalism, Socialism and Democracy* (1942) who best explained how the very success of the system "undermines the social institutions which protect it".

Since 1979, Britain has seen the most sustained experiment in the efficacy of the free markets in contemporary history, and there is nothing like the perpetual debate on the balance between solidarity and

the market which dominates mainstream politics in Continental Europe. The result is that the British now have by far the most dissatisfied work force in Europe, as you also reported ("Workers' head Europe's grumble league", February 1).

If the Labour party were to replace their antiquated constitution with an unequivocal, instantly comprehensible statement of their belief in such

long-derided principles as public service, civic pride, community spirit, they would save their party and save their country. And all of us would be offered by those who would rather repeat history than learn from it.

D.W. Elwood, Department of Politics, University of Bologna, Strada Maggiore, 45-40125 Bologna, Italy

## History shows plethora of railways is inefficient

From Mr John Purnell. Sir, Like much of the debate on rail privatisation, your article, "Destination unknown" (February 1), omits the lesson to be drawn from history. Far from being efficient, the plethora of railway companies that existed before 1923 created

a largely unco-ordinated network with wasteful duplication of both lines and stations.

Public opposition to the government's plans has less to do with "steam-age nostalgia" than with choice. People want to be able to

choose the most convenient mode of transport for a particular journey and expect the government at least to ensure that the necessary infrastructure is in place.

Whereas this choice still exists in most advanced countries, the UK may be left with a

fine choice of railway liveries and refreshment facilities on a few routes, and no option but driving along clogged roads for all other journeys.

John Purnell, Bernhardsmattweg 4, 4450 St. Gallen, Switzerland

## Individuality in a common currency

From Mr Graham J. Wilson. Sir, A very important element in the overlong struggle towards a common European currency is the sentimental attachment of each country to its own national nomenclature. The British do not want to lose the pound, the French the franc, the Germans the D-Mark. So why fight it? Let the common European currency go by a different name in each country. The essentials are the exact monetary equivalence and the physical sameness, but not appearance, of coins and notes for automatic payment machines.

The reality will then be that the majority of Britons (Germans, French) will only see pounds (D-Marks, francs) in their pockets, until they go on holiday or travel on business. There are plenty of precedents: Scottish bank notes and coins and the equivalence between Luxembourg and Belgian franc notes and coins.

A lot of technical problems remain, but perhaps we can take the emotion out of the discussions. Graham J. Wilson, 33 Boulevard Grande Duchesse Charlotte, L1331 Luxembourg

## Originality lies elsewhere

From Mr Ali Abd al-Malik. Sir, In the Observer column item "Davos deportment" (January 31), Israeli foreign minister Shimon Peres is credited with originality for voicing the similarity between opinion polls and perfume.

The quote is in fact merely an updated version of an old Arabic proverb from the time of the Prophet. The original translates to: "Flattery is like perfume; pleasant to smell but lethal when swallowed." Imitation is, of course, the sincerest form of flattery! Ali Abd al-Malik, PO Box 2, Jeddah 21411, Saudi Arabia







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FINANCIAL TIMES  
Magazine







## WORLD STOCK MARKETS

## AMERICA

## Dow chases bonds higher on jobs data

## Wall Street

An indication of a slowing economy and easing fears of another interest rate increase caused US share prices to surge in heavy trading yesterday morning as they chased an equally bullish Treasury market, writes Lisa Branstetter in New York.

At 1pm the Dow Jones Industrial Average was up 51.81 at 3,922.58. The Standard & Poor's 500 climbed 5.32 at 478.11, and the American Stock Exchange composite rose 3.93 to 442.38. The Nasdaq composite gained 9.11 at 772.75. Volume on the NYSE was 265m shares.

Bonds soared after the Labour department said that unemployment in January had risen to 5.7 per cent from 5.4

per cent in December. Economists had expected the figure to hold steady at 5.4 per cent for the month.

In addition, only 134,000 new non-farming jobs were added last month, against expectations closer to 225,000.

The news sent the long bond up more than one and a quarter points in early afternoon trading to yield 7.624 per cent.

Banks and other interest-sensitive issues led the market as investors speculated that Wednesday's 50 basis point interest rate increase might be the last for a while. Morgan Stanley's index of cyclical shares was up 1.2 per cent. Aluminum Company of America was up 0.2% at \$35.00, Caterpillar rose 0.1% at \$53.00 and Goodyear Tire & Rubber gained 0.1% at \$37.00.

Among banking shares

NationsBank and Citicorp were two of the biggest winners, increasing their value by 4.3 per cent and 3.4 per cent respectively.

NationsBank was up 0.2% at \$49.00 and Citicorp 0.1% at \$42.00.

Both Harley Davidson and Dole posted modest gains although the former's results were better than expected and the latter had worse results.

Harley Davidson was up 0.4% at \$27.00 and Dole 0.1% at \$27.00.

Times Mirror continued the slide begun on Thursday after the company warned that heavy investment this year might reduce first quarter earnings by as much as \$40m.

Yesterday's shares were off 0.2% at \$10.00.

## Canada

Toronto extended early gains at midday and the TSE 300 index picked up 37.7 to 4,098.80 in very heavy volume of 46.1m shares.

Of the market's 14 sub indices, only gold and precious metals were weak. With Barrick Gold, Thursday's top performer, down 0.4% to C\$29.00.

Brambles, the real estate group, picked up 35 cents to C\$1.50 after its announcement on Thursday that a group of international investors had agreed to inject C\$300m into the company.

The market was pulled down by a fall in Telcel, heavily weighted in the IPC index.

The index was down 9.96 at 1,933.92 in light volume of 6.3m shares. Telcel L shares were off nearly 2 per cent.

1,933.92 in light volume of 6.3m shares. Telcel L shares were off nearly 2 per cent.

## Brazil

Shares in São Paulo rose 1.6 per cent in light trade as investors awaited an address to the nation by the president, Mr Fernando Henrique Cardoso.

The Bovespa index was up 612 to 38,581 by 1pm in turnover of R\$122.6m (\$46.02m).

Mr Cardoso announced shortly after 1pm that he would veto a bill raising Brazil's minimum wage to R\$100 a month from R\$70, saying it would bankrupt the social security system.

Telebras preferred were up 2.1 per cent to R\$33.60.

SUBSIS AIRS was weaker with the Merul index off 6.44 or 1.4 per cent at 439.26.

## Tel Aviv bourse going cheap, analysts declare

## Julian Ozanne on Israeli equity recovery prospects

For a while last week, the Tel Aviv Stock Exchange looked like returning to the bullish days of 1992 and 1993. The market surged almost 12 per cent in frantic trading as investors, haunted by months of caution and pessimism, reacted euphorically to the government's decision to cancel an unpopular capital gains tax on share profits.

On Tuesday trade was \$165m, more than double the recent daily average.

But while the market remains cheap after a full year of declining prices, investors are still nervous about the political and economic uncertainty that looms over the economy and the bourse.

Market analysts believe that if the government can hold the economy steady, a real recovery will only set in much later in the year.

News of the government's embarrassing U-turn over the tax sent the market soaring 5 per cent on Sunday and a further 8 per cent on Tuesday but investors quickly cooled off, reflecting continuing caution about the future.

The Mishkanim index of the top 100 blue chip companies closed for the weekend on Thursday at 183.14, a 11.8 per cent increase over Sunday's opening of 154.83.

At its present level the market is still a long way from its high of 255.36 almost exactly a year ago. Last year's recovery took a massive hammering. The Mishkanim index lost 30 per cent after gains of 26 per cent in 1993 and 96 per cent in 1992. The Karam index of smaller capitalised companies, which were more overvalued than blue chips, fared even worse, losing 58 per cent in 12 months compared to previous gains of 77 per cent in 1993 and 81 per cent in 1992.

Mr David Rosenberg, a market analyst with Pacific Mediterranean Investments, said the bourse was hit by two shock waves. First, early last year the market paid the price for the excesses of the 1990-1993 bull run on recognition that it was overbought, and that investors had been wildly optimistic.

Yet in the longer term there are grounds for modest optimism. In the first place the market is cheap. Ms Hanna Friedman, head of Bank Hapoalim securities department, says that most of the top 120 companies are trading at price/earnings ratios of 13 from financial statements adjusted for inflation. A more accurate guide, she says, is the ratio of market value to book value. At the beginning of last year the average ratio was 8.5 and now the average has declined to about 1.

A second factor is the discovery of Israel by foreign investors last year, and the prospects for a substantial expansion of foreign investment in the next two years. Barclays de Zoete Wedd raised \$153m for an Israel fund, and several banks like Morgan Stanley, Schroders, Warburgs and Barings either took a position on the market or prepared to do so. Analysts estimate that foreign investors now hold assets worth \$12m, or about 2 per cent of market capitalisation of \$588.8m.

In March, Israel will be included in the Morgan Stanley Emerging Markets Index with an expected weighting of 1.5 to 2 per cent. The index is used as a benchmark by fund managers, many of whom tailor their portfolios in direct proportion to the index.

Thirdly, in spite of inflationary pressures, the economy generally looks good. Growth of around 4.5 per cent is expected in 1995, and there are early signs that tight monetary policy may have begun to curb inflation, with the promise of a reduction in interest rates at least by the second quarter. The Bank of Israel's firm determination to combat inflation, despite intense political pressure from the government and manufacturers, has impressed domestic and foreign investors.

"There has been a substantial shake out, a lot of the excesses have been wrung out and investors are confident in the continued rock solid policy of the central bank," says an Israel analyst with a major foreign investment bank with headquarters on the TSE. "The market has a lot of potential in the next two years."

stary policy until inflation shows a real downturn towards a target of 8-11 per cent. Yields of dollar-linked bonds are high at around 8.5 per cent.

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Yet in the longer term there are grounds for modest optimism. In the first place the market is cheap. Ms Hanna Friedman, head of Bank Hapoalim securities department, says that most of the top 120 companies are trading at price/earnings ratios of 13 from financial statements adjusted for inflation. A more accurate guide, she says, is the ratio of market value to book value. At the beginning of last year the average ratio was 8.5 and now the average has declined to about 1.

A second factor is the discovery of Israel by foreign investors last year, and the prospects for a substantial expansion of foreign investment in the next two years. Barclays de Zoete Wedd raised \$153m for an Israel fund, and several banks like Morgan Stanley, Schroders, Warburgs and Barings either took a position on the market or prepared to do so. Analysts estimate that foreign investors now hold assets worth \$12m, or about 2 per cent of market capitalisation of \$588.8m.

In March, Israel will be included in the Morgan Stanley Emerging Markets Index with an expected weighting of 1.5 to 2 per cent. The index is used as a benchmark by fund managers, many of whom tailor their portfolios in direct proportion to the index.

Thirdly, in spite of inflationary pressures, the economy generally looks good. Growth of around 4.5 per cent is expected in 1995, and there are early signs that tight monetary policy may have begun to curb inflation, with the promise of a reduction in interest rates at least by the second quarter. The Bank of Israel's firm determination to combat inflation, despite intense political pressure from the government and manufacturers, has impressed domestic and foreign investors.

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## EUROPE

## BASF passes Hoechst on earnings upgrade

US jobs data moved bonds higher in New York and in Europe, and equities followed suit, writes Our Markets Staff.

FRANKFURT offered excitement, an apparent false alarm and another small disaster as the Dax index moved from an official close of 2,057.99, up 12.74, to a post-bourse gain of 38.48, or 1.9 per cent at 2,077.94, up 0.3 per cent on the week.

German stock market turnover was DM6.5bn. BASF was the outstanding feature of a strong chemicals sector, rising DM10.30 to DM30.50 and moving to a premium to Hoechst, DM6.40 better at DM326.60. Mr Charles K. Brown at Goldman Sachs said that he had revised his forecasts for the sector, taking BASF's prospective earnings, in particular, up from DM22 to DM38 for 1995 in recognition of its greater exposure to higher prices at the bulk end of the chemicals business.

The sun shone on two troubled stocks in the afternoon. Bayern moved from a session drop of DM7.70 to DM8.79, to a post-bourse gain of DM6 at DM284, after it rejected suspicions of tax evasion contained in a search warrant used to raid its nationwide offices. Metallgesellschaft moved from DM124, down DM11, to DM138,

up DM8 as analysts wondered whether Thursday's set of reports measures might, indeed, be the last.

Meanwhile, the meat processor, Molsel, came back from suspension and dropped a savage DM45.50 to DM90 on the surprise losses it disclosed for 1994, and forecast for 1995.

PARIS was encouraged by hopes that the European monetary environment might get a boost from the latest US data. The CAC-40 index added 26.33 or 1.4 per cent to 1,842.43, a gain of 1.5 per cent on the week, in turnover of more than FF2.6bn.

Financial stocks reversed Thursday's falls: AGF, the insurer, gained 4 per cent or FF6.70 to FF181, CCF 2 per cent or FF4.90 to FF204 and Paribas FF6.80 to FF328.4, having fallen 2.5 per cent on Thursday following disappointing

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## FT-SE Actuaries Share Indices

Index	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FT-SE 100	1317.32	1317.41	1317.51	1317.61	1317.71	1317.81	1317.91	1318.01	1318.11	1318.21	1318.31	1318.41	1318.51	1318.61	1318.71	1318.81	1318.91	1319.01	1319.11	1319.21	1319.31	1319.41	1319.51	1319.61	1319.71	1319.81	1319.91	1320.01	1320.11	1320.21	1320.31	1320.41	1320.51	1320.61	1320.71	1320.81	1320











**INVESTMENT TRUSTS - Cont**

	Notes	Price	% chg	1990
Flamingo Far East		285	-	285
Flamingo Pacific		340	-	340
Flamingo High Income		0	-	0
Worthington		0	-	0
Worthington Income		285	+1	286
Worthington		285	+2	287
Flamingo Japan		250	-	250
Flamingo		267 1/2	-	268
Flamingo Mark		340	-	340
Flamingo Natural Inc.		12	-	12
Flamingo U.S. AA		261 1/2	-	262 1/2
Flamingo & Co. S 1/2		122	-	122 1/2
Flamingo & Co. S 1/2		70 1/2	-	70 1/2
Flamingo & Co. S 1/2		70 1/2	-	70 1/2
Flamingo & Co. S 1/2		218 1/2	+1	222 1/2
Flamingo & Co. S 1/2		84 1/2	-	84 1/2

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14	28	1
28	42	20

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**INVESTMENT COMPANIES - Cont.****OIL EXPLORATION & PRODUCTION - Cont.****PROPERTY****RETAILERS, GENERAL - Cont.****TRANSPORT - Cont.**[illegible]

- Symbols referential to dividend status are based on yields and P/E ratios. Dividend yield is calculated as follows:

$\text{Dividend Yield} = \frac{\text{Annual Dividend}}{\text{Share Price}}$

Market capitalization shows is calculated as follows:

$\text{Market Capitalization} = \text{Share Price} \times \text{Number of Shares}$

- Estimated price/earnings ratios are accounts unit, where possible, are calculated on "net" distributions to on profit after taxation, excluding AGT where applicable. Yields are calculated on basis of 20 year distribution and rights.
- Estimated Net Asset Value (NAV) per share, along with the P/B ratio - to the current closing share changes at par value. Convertibles indicate stock.

- Indicates the most actively traded where transactions and prices change frequently. Includes stocks through the SEAD lists.
- + Highs and lows marked thus changes
- Low since increased or reinsertion since reduced, possible
- \* Figures or report omitted
- Rule 2(a)(9) Overseas income excluded
- US\$ Not listed on Stock Exchange some degree of regulation as indicated

11 **Yield** (annual)  
 12 **Indicated** dividend yield after  
 13 **taxes** (annual)  
 14 **Forecast** dividend yield (p/e)  
 15 **Dividend** yield (p/e)  
 16 **Unleveraged** collective returns

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 b **Forecast** dividend yield after  
 c **taxes** (annual)  
 d **Indicated** dividend yield after  
 e **taxes** (annual)  
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# Major looks to close Tory party split over single EU currency

By Robert Peston and Michael Cassell in London

Mr John Major sought last night to bridge the divide between supporters and opponents of a single European currency in the UK Conservative party by saying that the government would in the coming week set out new conditions for Britain's membership of a unified currency.

However, a fresh offensive by pro-Europeans in the party is to be launched tomorrow when Mr Michael Heseltine, the trade and industry secretary, will argue in a Sunday newspaper that any suggestion the UK is not committed to the European Union undermines British prosperity.

The UK prime minister's speech last night was intended to reassure supporters of monetary union that sterling may join a unified currency if "economic

conditions were right". It also aimed to calm the fears of right-wing opponents of monetary union by erecting new hurdles to British participation.

Mr Major said Mr Kenneth Clarke, the chancellor of the exchequer, would spell out at a meeting of Conservative pro-Europeans on Thursday the appropriate economic conditions for UK participation. These will be in addition to the Maastricht criteria, which require convergence of inflation rates, interest rates and public debt ratios for any EU country joining a single currency.

Mr Clarke is expected to echo comments made last week by Mr Eddie George, governor of the Bank of England, in saying other measures of the real economy's strength - the jobs rate in particular - should be taken into account before any decision to

join is made. However, in his speech last night to a dinner of the Thatcherite Conservative Way Forward group, Mr Major also reiterated that "We cannot accept that sterling would be part of a single currency in 1996 or 1997."

Even if other European countries wanted to merge their currencies at that point, the UK "wouldn't be with them".

A Conservative party official said Mr Major's speech had been read in advance - and endorsed - by two of the cabinet's more pro-European members, Mr Clarke and Mr Douglas Hurd, foreign secretary. Mr Major is thus trying to play down suggestions that anti-Europeans in the cabinet are in the ascendancy.

In tomorrow's newspaper article, Mr Heseltine will respond to criticism from the Tory pro-European camp - articulated at the beginning of the week by for-

mer foreign secretary Lord Howe - that he has been failing to air his pro-EU views in public.

Mr Heseltine, who this week returned from a visit to Japan, said yesterday that uncertainty over Britain's relationship with the rest of Europe meant large inward investors such as the Japanese were starting to question whether Britain should be a preferred European location.

Mr Heseltine said that more than one-third of all Japanese investment made in the EU was coming to Britain but that the country found itself on a "battleground" in the fight to retain its share of new inward investment within the community.

He said there was a danger Britain could appear increasingly detached and during his Japan visit he had repeatedly emphasised Britain's commitment to the community.

## US poised to impose trade curbs

Continued from Page 1

which estimate that Chinese piracy cost them \$1bn in lost revenue last year.

The Chinese products threatened with sanctions will be drawn from a list of exports with an annual value of \$2.8bn, of exports published by Mr Kantor on December 30. The list included electronics, footwear, toys and other products. Today's decision will seek to identify products on which sanctions would create the least damage to US industry.

Electronics items could be the prime target if the US decides to go after China's newer industries. Trade officials are searching for those products which would least damage US industries.

China has threatened to counter-sanctions against US cigarettes, alcohol, and music.

Mr Kenneth DeWoskin, a professor with the University of Michigan School of Business, said the first two products are most smuggled into China in any case.

## People of Ulster will not be forced from Union, PM vows

By David Owen and John Murray Brown in London

The people of Ulster will not be forced out of the Union against their will, Mr John Major, the UK prime minister, told a London audience of Conservative right-wingers last night.

Stepping up his efforts to reassure unionists over the direction of the Northern Ireland peace process, Mr Major used a speech to the Thatcherite Conservative Way Forward group to reiterate that he would not be a "persuader for a united Ireland".

There would be "no joint sovereignty, no joint authority between London and Dublin".

He said that in preparing a framework document setting out UK-Irish proposals for an overall settlement, the two governments were merely "proposing ideas".

There was no "prescription" that was going to be imposed, he said.

Mr Major made no attempt, however, to explain the extent to which a proposed north-south body for handling relations

between the province and the Irish republic would have executive powers.

That is the issue that has most concerned Unionists since excerpts from a draft of the document were leaked to The Times newspaper this week.

The seriousness of unionist reservations about the leaked proposals was indicated yesterday by Mr James Moynihan, the Ulster Unionist leader, who described them as "monstrous arrangements".

Writing in the Belfast Newsletter, he argued that the framework concept had been "devastated" and warned that any proposals emerging under the title "framework document" would "immediately and inevitably be rejected".

In Dublin, Mr John Bruton, the Irish prime minister, made his own attempt to allay unionist fears, making a "solemn" undertaking that "no government of which I am a part will seek to dilute the unionist tradition".

But his promise came amid

conflicting signals over how the Irish government will react to the unionist protests.

His remarks coincided with the release by Dublin of another five IRA prisoners, a move immediately attacked by unionist politicians as insensitive but broadly welcomed by the Irish Republic's political parties.

Meanwhile, with signs that negotiations on the framework document are still stalled over the issue of constitutional change, the republic's main opposition party, Fianna Fail, raised the stakes. Mr Bertie Ahern, its leader, warned that reform of Article Two of the Irish constitution - which lays claim to Northern Ireland - was "a non-starter, and the British know it".

Mr Major offered additional assurances about the two governments' proposals, saying the north-south body would not "make policy" towards the European Union.

Path blocked, Page 4  
Decisive push, Page 8

## US jobs data lift market

Continued from Page 1

construction both posted solid gains.

Analysts said last month's jobless rate was probably a better guide to the underlying rate than December's 5.4 per cent, which may have been an aberration. The jobless rate averaged 5.6 per cent in the final quarter of last year.

The data follow other scattered signs of slower economic growth, such as flat retail sales and anecdotal reports of weakness in the housing industry, and fuelled speculation that the Fed may wait a while before raising rates again.

The dollar gained about 0.9 pennings to DM1.527 against the D-Mark between the release of the report and afternoon in New York. European equity markets were buoyed by Wall Street's rise. In Paris, the CAC 40 index was up 1.45 per cent, while in Frankfurt, the DAX was nearly 2 per cent higher in trading after the official close. In London, the FT-SE 100 index rose 25 points to close at 3089.7.

However, the UK stock market's strength did not extend to either gilts or sterling, because of political worries including concern that over the state of the Anglo-Irish peace process might undermine the government.

## Dalgety spends £442m

Continued from Page 1

lag behind the Pedigree and Whiskas brands of Mars which command 46 per cent.

Nestlé of Switzerland, with only a 6 per cent share, was thought also to have bid for the business.

"They have done very well to get it from under the nose of Nestlé and at a good price," Mr David Lang, an analyst with Henderson Crosthwaite, said.

Dalgety shares closed up 23p at 415p.

With Europeans spending twice as much on prepared pet food as baby food, the volume sold is growing at 3.5 per cent a year.

France, Germany and Italy are the most promising markets, but the penetration of prepared foods is low in all European countries except the UK and Holland.

Dalgety had been after the business for about four years but Quaker Oats of the US had refused to sell. But after it paid \$1.7bn for Snapple, the soft drinks maker last November, Quaker sought bids.

Dalgety also announced yesterday an 8 per cent rise in interim pre-tax profits to \$80.9m on a 5 per cent rise in turnover to £2.55bn. It lifted its interim dividend to 17.6p from 17.2p on earnings per share of 40.6p against 39.4p.

## THE LEX COLUMN

# Dalgety's pet bet

Frustrated in its attempt to buy DCA Food Industries, Dalgety has now come up trumps with its purchase of Quaker Oats' European pet foods business. As in the case of Cadbury Schweppes' recent acquisition of Dr Pepper, the move is expensive, but of the utmost strategic importance.

The 6 per cent rise in Dalgety's share price yesterday shows investors endorsing the strategy and ignoring the risks. This is the right response to measures which bring the group into sharper focus. The acquisition, following on from the purchases of Paragon Petcare and Nido, more than doubles Dalgety's share of the growing European pet foods industry to 21 per cent. With the greater size comes the opportunity to extract economies of scale in manufacturing and distribution, and to develop the market for branded products across a broader geographical area. The proposed sale of Golden Wonder and Homepride Foods has the same logic; it will remove Dalgety from markets where it is a second-rank competitor.

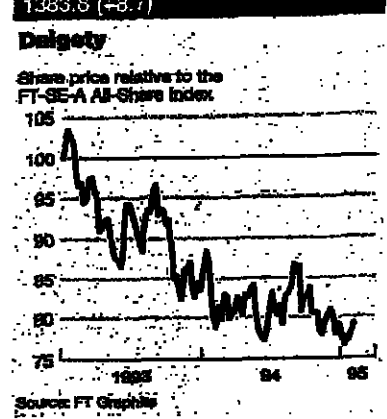
The repositioning leaves Dalgety ready for earnings growth, but not yet. The price of £442m is demanding for a company which made just £20m in operating profits last year. The purchase will dilute earnings in 1995/96 and be neutral in the following year. Earnings enhancement thereafter depends on ambitious targets for rationalisation. The calculations could be damaged if Mars, market leader in European pet foods, reacts by cutting prices aggressively. The shares are supported by a yield of more than 6 per cent, but a re-rating is likely to come only with concrete evidence that the strategy is being executed according to plan.

## UK markets

UK equities have yet to show a clear trend in 1995. Since the start of the year, the FT-SE 100 index has effectively moved sideways, falling just 6 points. The problem is that the market is being pulled in two directions. Rising interest rates hit economic and earnings growth, as well as making cash relatively more attractive as an investment. Moreover, the political risk in the UK is undoubtedly increasing. The prospect of elections within the next 18 months could undermine the government's policy of fiscal restraint, reducing the allure of the UK markets for foreign investors. Yesterday's fall of nearly 3 cents and 2 pennings was a worrying portent.

Nevertheless, the aggressive move-

FT-SE Eurotrack 200:  
1393.8 (+3.7)



mentary stance taken by the Bank of England stands a reasonable chance of controlling the inflationary cycle. If the policy proves successful, gilt yields should eventually fall, allowing equity yields to drop too. Some would argue that yesterday's US employment data show the effectiveness of this philosophy. However, their optimism may be premature; one set of data does not represent a trend. Besides, the first six months of tightening by the Federal Reserve essentially represented a return to a neutral monetary stance after unusually loose policy.

Until the markets are convinced of the effectiveness of the Bank of England's strategy, the best hope for equities is continued merger and acquisition activity. That at least would permit the corporate sector to recycle its cash-flow surplus to the markets' benefit.

## UK generators

On Monday the latest government share sale gets into full swing with the publication of the prospectus for National Power and PowerGen. But the sale is not proceeding as smoothly as ministers might have hoped. Not only has the opposition made political capital out of the meteoric executive pay rises at National Power and PowerGen; Offer, the industry regulator, has also raised the possibility of referring the generators to the Monopolies and Mergers Commission.

These developments may have irritated the government, but they usefully highlight the political and regulatory risks inherent in investing in the two companies. Still, such issues are unlikely to receive much airing in

the upcoming sale given that the government has signed up 17 banks to support its marketing campaign. With independent voices few and far between, the message from the City is an almost unanimous buy. Prospective investors also need to watch out for the new rules on share-trading introduced by City regulators. By deterring existing investors from selling shares in the run-up to the issue, the authorities may be creating a false market.

The companies still have pluses as investments, notably the prospect of 30 per cent dividend growth this year and the possibility that a special dividend of around 60p a share could be paid if the companies raised gearing to 50 per cent. Small investors will also be able to buy the new shares at a discount. But they should remember that this sale will not be a giveaway like the early privatisations.

## Bond peps

Broadening the net of personal equity plans to include bonds should benefit UK industry as the small investor. The average pep investor is fast approaching retirement, when guaranteed income is more valuable. Yet peps have had to focus on equities, which have recently provided little protection of either income or capital. Analysts estimate that up to £4bn could be ploughed into bond peps next year.

The Inland Revenue is currently mulling over which types of fixed interest securities should enjoy the tax advantages of peps. There is a danger the rules will be drawn too tightly. The government has already said bonds issued by financial institutions cannot qualify. This is a mistake, since there needs to be a sufficient number of securities available to allow meaningful investment in bond peps.

The government has also hinted that eurobonds would not qualify. The idea is that, by restricting the tax advantages to bonds registered in the UK, British industry will gain all the benefits from the scheme. But such protectionism would not be in investors' interests. Not only would their choice of bonds be limited; they might find their funds invested in lower quality issues which would not have found favour in the euromarkets. Ministers should remember their free-market principles and institute a liberal regime for bond peps, mirroring that for equity peps. Corporate Britain would still benefit since most investors would favour sterling debt.

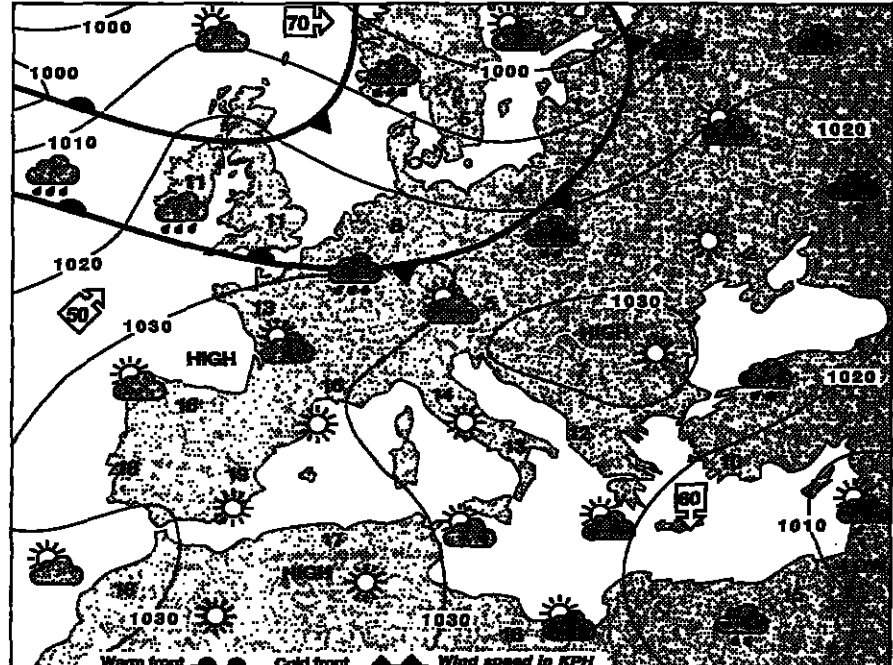
## FT WEATHER GUIDE

### Europe today

Very mild and moist air will be pushed north into the British Isles and across central Europe bringing rain to southern England, Belgium, northern France and southern Germany. It will be mainly dry in the flooded areas of the Netherlands. Rain and sleet is expected in Poland and western Russia as a cold front sweeps through the region. High pressure means abundant sun in Spain with temperatures easily reaching 20C in the south. Italy, the Balkans and Greece will also be sunny. Near-gale to gale force winds from the north will sweep across the Aegean producing very chilly conditions for Crete. A mixture of sun and cloud is expected in Turkey with a risk of a snow shower on the northern coast.

### Five-day forecast


It will continue to be mild in the UK and western Europe with occasional light rain. More rain, which will turn to snow later in the week, is expected for southern Scandinavia. Southern Europe will be largely settled. Spain and Italy will see plenty of sun with temperatures regularly reaching 20C or higher. Low pressure will dominate the eastern Mediterranean though more showers will develop through the week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteor Consult of the Netherlands

### TODAY'S TEMPERATURES

Maximum	Belling	sun	3	Cancun	fair	28	Faro	sun	18	Madrid	sun	18	Rangoon	sun	32		
Cebu	Belfast	cloudy	9	Cardiff	rain	10	Frankfurt	cloudy	9	Majorca	sun	18	Raykavik	snow	1		
Abu Dhabi	fair	28	Belgrade	sun	4	Casablanca	fair	18	Garmes	fair	9	Malta	sun	18	Rio	cloudy	25
Accra	fair	32	Berlin	cloudy	7	Chicago	rain	9	Glasgow	showers	10	Manila	rain	28	S. Paolo	sun	17
Algiers	fair	17	Bermuda	showers	21	Dakar	rain	26	Hamburg	showers	8	Melbourne	sun	28	Sao Paulo	sun	2
Amsterdam	cloudy	10	Bogota	fair	22	Dallas	sun	17	Helsinki	showers	8	Medan City	sun	31	Stockholm	rain	30
Athens	fair	18	Bombay	sun	33	Doha	sun	23	Hong Kong	fair	16	Miami	sun	21	Strasbourg	fair	6
Atlanta	fair	6	Brussels	fair	9	Dubai	sun	28	Honolulu	fair	27	Moscow	sun	9	Sydney	fair	26
B. Aires	fair	30	Budapest	fair	3	Dublin	cloudy	11	Isle of Man	fair	4	Mumbai	sun	27	Taipei	cloudy	18
B. Jinn	cloudy	11	Chengdu	cloudy	8	Dubrovnik	sun	13	Jakarta	showers	30	Nairobi	sun	27	Tokyo	showers	10
Barcelona	fair	33	Cairo	fair	15	Edinburgh	fair	9	Jersey	sun	13	Nassau	sun	28	Vancouver	cloudy	12
									Khartoum	sun	28	New York	sun	14	Vienna	cloudy	8
									Kuala Lumpur	sun	28	Osaka	sun	16	Winnipeg	cloudy	6
									Lima	sun	18	Paris	sun	14	Zurich	sun	7
									Lisbon	sun	18	Peking	sun	14			
									London	rain	11	Puerto Rico	sun	24			
									Luxembourg	rain	7	Rangoon	sun	24			
									Lyon	fair	10	Singapore	sun	24			
									Madrid	cloudy	18	Taipei	sun	24			



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# Weekend FT

Picture thieves get it wrong when they start thinking big, explains Antony Thorncroft

## The fine art of stealing an old painting

The James Bond movies have much to answer for. They invariably contained a scene in which the arch villain was portrayed in all his depravity: glamorous acolytes; super smart hardware - and home furnishings in which some recently stolen masterpiece, usually Goya's portrait of the Duke of Wellington, was prominently displayed.

The myth of the mad megalomaniac millionaire, who acquired works of art for his private delirium, was given another airing.

Such men, or women, might exist - they would hardly publicise the fact if they did - but they are almost certainly figments of over-heated imaginations. The experts in the field of stolen art - Scotland Yard's Art and Antiques Squad, the insurance companies, and the directors of organisations such as the magazine *Trace* and the computer-based Art Loss Register, the leading bloodhounds in the art retrieval business - have never tracked down a secret collector.

The background to serious art thefts, such as the burglary at Longleat, the home of the Marquess of Bath, on January 6, which netted a Titian, valued at £5m, plus two minor pictures, is usually more banal. Professional thieves and minor villains, dazzled by stories of the value of works of art and aware of the poor security in many country houses, chance their arm. They soon realise that stealing antiques is much easier than converting them into cash.

Most display more acumen than the man who lifted an Old Master painting by Petrus Christus from the walls of Birmingham Art Gallery and attempted to sell it - on a bus - for £200. But not much more. A portrait of Rembrandt's mother, stolen last year from Wilton House, had recently been re-assigned by the Dutch specialists working their way through the Master's oeuvre, as in the hand of a studio assistant, totally undermining its worth.

Such incompetence is global. The gang that removed, in 50 seconds, one of Norway's greatest icons, Edvard Munch's painting 'The Scream', from Oslo's National Gallery last year were captured when they tried to sell it to Scotland Yard's Art and Antiques Squad, who effortlessly masqueraded as unscrupulous dealers.

The 20 paintings taken from the Van Gogh museum in the Netherlands were recovered the same day - in the museum car park. The thieves had apparently panicked on hearing a passing police siren.

In another celebrated case, thieves who took paintings by Rubens, Gainsborough, Vermeer and others from the Beit collection in Ireland, had such problems disposing of these priceless works that they offered them back to the Irish government for £25,000. When the offer was turned down they fell out among themselves and scattered with the paintings, most of which were recovered - in Turkey, Belgium, Ireland and the UK.

The more important the antique stolen, the more likely it is to be recovered. Celebrated works of art are virtually impossible to dispose of, and the police, and the insurance companies, make a much greater effort to find them. The Titian is totally unsaleable and



is probably causing its new owners a few problems already.

There has been no ransom demand, which would have been turned down anyway; no attempt to use the painting to attract publicity for a cause, like animal rights or the Bosnian Muslims. If a Dr No figure did exist, in the jungles of South America or in Japan, it is most unlikely that his taste would run to a small biblical scene by a 16th century Italian artist. Unfortunately the world's super rich, especially the Arabs and the Chinese, have limited interest in the contents of British stately homes. The thieves' attention is likely to be concentrated on the £100,000 offered by Tyler's, the loss adjusters, for information leading to the painting's return. The snag here is that, in law, the money is only handed over when a felon is prosecuted.

There are cases of a minor member of a gang being sacrificed, and enduring a few months in jail, in return for a share of the spoils. Usually the reward is 10 per cent of the value of the art stolen, but in this case, stung by a string of such thefts in the last year or so, the insurance company has reduced the size of the reward. There is a stand-off, with the authorities hoping for an underworld tip off, and the burglars wondering whether they can fix a behind-the-scenes, no-questions-asked, deal, which sometimes happens abroad, hardly ever in the UK.

The Titian is exceptional. Most thefts of art and antiques, estimated to total £1.5bn in value in the UK in 1993, and on the increase, are of small, cheap, portable objects - pictures, jewellery, silver, ceramics - which can be quickly transported.

In some cases, the thieves wait for a few months and then pop the goods into a provincial auction. Often they pass them on, at perhaps a tenth of their value, to a dealer. It is generally agreed that there are antique dealers who, behind a respectable front, handle stolen goods, often for dispatch to the continent.

There are also a few avid collectors who do not probe too deeply into provenance if they are offered a particularly desirable object which, over time, could become resalable.

Unlike the thieves, the handler knows the vagaries of the market and will tell his suppliers what to go for. A few years ago, there was a spate of thefts of Chinese snuff bottles, including some 18th century Imperial enamel bottles taken from Burlington House. They were obviously stolen to order and apparently destined for an auction in Hong Kong. In the event, too many were released on the market and prices at the sale were disappointing.

Dealers trade in stolen goods because it is so easy. There is minimal contact between regional police forces about burglaries: antiques stolen in Yorkshire can be sold in Brighton, the traditional haunt of some of the rogues in the business, the same day, and be abroad that night. It would cost little to link the police forces by a computer system capable of transmitting images of stolen goods but the Home Office, and the police, seem reluctant to make the investment. The Art and Antiques Squad relies on the Art Loss Register to identify recovered antiques, and the magazine *Trace* to alert the trade to what has been stolen.

If there is only spasmodic co-operation between police forces in the UK, the situation is much worse between nations. It can take years for information about burglaries on the continent to reach the UK.

The other great ally of thieves in the UK is the legal system in most of Europe, where, if the buyer of a stolen work of art can claim to have acted in good faith, within three years they become its lawful owner. Crooked dealers send antiques to foreign auctions, or tuck them away for a year or so for the dust to settle, and then sell them on.

The first tentative steps are now being taken to create a global law on stolen goods, which will enable the owners to repatriate their property while the unwitting buyers can seek compensation from the auction houses or dealers that handled the sale. The new law is in draft form, and more than 50 nations will gather in Rome this June to pursue an agreement. Few expect effective action before the end of the century.

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Dresden: the survivors who came through the fire



Joe Rogaly

## Point a vote at their heads

John Major could call Ulster hardmen's bluff with a double referendum

Call me naive, but I think we should hail John Major's performance on Northern Ireland. Indeed, we should back him to the hilt. On this subject he is a genuine national leader, a prime minister at his best. He seeks a lasting peace. He will not, nor could he, impose any new constitutional arrangement against the wishes of a majority of the people of the troubled province. There is no secret deal with the IRA. The principle of self-determination, applied specifically to the voters of Ulster, has been restated, more than once, by the prime minister in the form of a promise of a referendum. It is plainly immutable.

We know why none of this is accepted by Ulster's traditional unionist politicians. They see power slipping through their fingers. In the long run they will lose their force. The Protestant ascendancy is over. It is only when that fact is accepted by the erstwhile masters of the six counties that we can be certain that 25 years of terrorist murder will be followed by a lasting peace.

There can be no military victory, not by the gunmen of either persuasion, nor by the British army, but in spite of this week's attempted sabotage by "friends" of Ulster there is still a slim chance of

an honourable political agreement, within the union. The uncompromising Ulstermen are doing their best to prevent it. On Wednesday and Thursday intransigent phrases about Britain's supposed intentions spat from the lips of Ian Paisley, head of the Democratic Unionists, and John Taylor, a potential candidate for the leadership of the Ulster Unionist party. Another contender for the latter post, the supposedly rational David Trimble, peddled an unrelenting negativism. Even James Molyneux, the elder statesman whose retirement as leader of the DUP would make way for one of the pretenders around him, stopped short, but not very short, of openly wrecking John Major's attempt to construct a negotiated settlement.

One curious effect of this outpouring of verbal venom is that Gerry Adams was made to look reasonable. I am not one of those who seek to identify the president of Sinn Féin, the political face of the IRA. No one deserves any medals for ceasing to use the bomb and the bullet as a means of pursuing an argument. But as seen on TV Mr Adams, a master of public relations, spoke in moderate tones.

Unionists foamed at the mouth or stormed out of TV studios. Their fury was based on a partial leak, not impar-

tially presented, of a draft of the "framework agreement" being discussed by the British and Irish governments. We should wait for the full, final, published document before commenting on it, said the leader of Sinn Féin, exuding an air of unruffled calm.

Over the next few weeks, polling and anecdotal evidence will indicate how the public is reacting to these contrasting performances. For a quarter of a century Britain has stoically accepted daily news of violent outrages, on the mainland as well as in the north of Ireland. At no time during that period has the electorate shown the slightest inclination to cede one millimetre of the case for imposing a united Ireland on an unwilling Ulster. "Troops out" had a small number of passionate supporters, but it never really caught on.

That may be why the IRA has, at least for the moment, conceded that terrorism does not work. Against that, some

accommodation between Protestants and Catholics must be agreed. It should give nationalists a sporting chance, in open debate over, say, the next 25 years. If they do well they may win a fresh generation of Unionists over to a new vision of Ireland. If not, not. This is seen by mainland Britons as simple common sense. Those who deny it do not win popular approval.

The Labour party is aware of this. It has promised full co-operation with Mr Major. The House of Commons is overwhelmingly in favour of the prime minister's stance. Messrs Paisley, Taylor, Trimble & Co should take note. The public is capable of getting fed up. Unionist parties that made even the most reasonable deal impossible would not be missed if their troublesome province ceased to be part of the body politic.

If this week's rowdy rejection of any framework agreement persists, Mr Major might have to call the unionists' bluff. One way of doing this would be to hold an immediate referendum on the simple question: "Do you support the government's efforts to find a settlement that will lead to lasting peace?"

Assuming a yes vote, the result would be strong popular pressure on the unionist parties to negotiate. The prime minister need not fear their

withdrawal of support for his government in the commons; to bring the Tories down now would risk the return of a Labour government with a majority large enough to render a handful of unionist MPs irrelevant to parliamentary arithmetic.

A pre-referendum would follow naturally from Mr Major's broadcast on Wednesday night. He appealed directly to the Ulster people, over the heads of their politicians. Northern Ireland's delight at the experience of peace over the past five months is palpable. The feeling of relief, tinged with joy, could oblige unionist politicians to sit down and talk serious politics. A second referendum would decide the fate of any agreement between the parties.

This two-referendum strategy would be risky. In an open democracy it is not possible to guarantee the outcome of any plebiscite, but the chance may have to be taken.

The device served its purpose in equivalent circumstances in South Africa in 1992. The then president F. W. de Klerk called a "trust us" poll of white voters. He won a 69 per cent yes on an 85 per cent turnout. This headed off the white opposition to his plans to end apartheid and negotiate a deal with the African National Congress. It is a tempting parallel.



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PERSPECTIVES

# My dear, this may come as a shock

David Fishlock explains his fascination for eccentric electrical remedies

**B**lack Box was the term coined at the Air Ministry in the 1930s for inventions claimed to generate rays that would kill. The inventors usually claimed to kill rabbits but were sure their designs could be scaled up to shoot down aircraft. Invariably they wanted a lot of cash to let anyone look inside.

Air Ministry officials offered "£1,000 to any owner of a Black Box that could demonstrate the killing of a sheep at a range of 100 yards, the secret to remain with the owner," recounts A.R. Rowe in *The Story of Radar*. "The mortality rate of sheep was not affected by this offer," he adds dryly.

By the 1930s, however, Black Boxes were already well known in medicine as curative. The discovery of X-rays - the centenary is being celebrated this year - did much to bolster the claims of those selling "electro-therapies".

This association of electricity with medicine has been a long one. In the 16th century William Gilbert, a Cambridge mathematician who later read medicine, was demonstrating experiments in magnetism and electrostatic electricity long before the scientist Michael Faraday showed how they related.

The invention which was to spark my own life-long interest in the subject was made a little earlier, in 1822 and was called the Wimshurst machine. It generated static electricity.

My introduction was at age 12 when "Doughy" Baker, my senior chemistry teacher, had my class link hands and closed the circle through the brass knobs of the machine. Baker turned the handle. The class fell apart squealing.

By the end of the 19th century electrical engineers had invented a host of more convenient ways of generating electricity of various kinds: electro-static, DC, low-frequency AC, high-frequency AC. And X-rays too. Each was ascribed marvellous medical attributes.

I have collected a couple of dozen of these turn-of-the-century inventions, at auctions, antique fairs and car boot sales, including a simple hand-wound magneto in a polished mahogany case, beautifully made by F. McElroy, electrician, of Manchester. Instructions inside the lid claim that, when wound at the speed "most agreeable to the patient", it is good for no fewer than 50 ailments, from weak eyes to spinal and nervous diseases, debility, want of power, fits, paralysis and gout.

The magneto ushered in the era of the medical Black Box. Magnetos

were far more convenient than the temperamental electrostatic generators such as Wimshurst's machine.

Early catalogues of electro-technology contain numerous examples of such magnetos, including the Zodiac, a hand-held device in which a corrugated roller run gently over the skin turns the generator to "Paradise" the region being rolled.

A modern version of this uses an electronic circuit instead of a magneto to produce a steady stream of high-voltage sparks.

GEC's 1893 catalogue of Electro Medical Supplies runs to 23 pages and illustrates nine magnetos in wooden boxes. One of them was named the Eros.

I have had one sobering experience with a magneto. I had taken it to the village green, where youngsters were happily queuing for the quick thrill of a shock while I

During a party I gave a boy of about five his first tingle - and he ran screaming to mum. The womenfolk gave me a hard time

churned the handle to produce perhaps 50V. But one lad shrieked and, instead of dropping the electrodes, seemed to be gripping them tighter.

I stopped turning, but inertia kept the magneto revolving for a few moments. Then the lad was released and began to cry.

His chums showed scant sympathy, however. Then, to my relief, the lad was back at the head of the queue - bragging how he had held on longer than his companions.

For some, this mild flow of current is addictive. During a party I gave a boy of about five his first tingle - and he ran screaming to mum. The womenfolk gave me a hard time - until one noticed that young James was back at the magneto, trying to treat himself.

I knew a woman, whom, at parties, could be persuaded to remove her shoes and dance in stockings on a moist foam-plastic cloth, beneath which electrodes were coupled to a magneto. While others marvelled at what they saw as her bravery, she was clearly enjoying the milligrams trickling into her toes.

Another apparatus used in electro-therapeutics is the induction coil: a kind of transformer devel-



A ticklish hobby: items from David Fishlock's collection of advertisements and machines associating electricity and medicine

oped by physicist Heinrich Daniel Ruhmkorff around 1860. It uses a make-and-break contact to turn a DC input into an AC that can then be transformed to high voltage. Some were intended to provide high-voltage sparks for early X-ray equipment.

Then there is the voluptuously advertised electric corset. For 5/6d (27½p) it claimed to prevent chills and exercise a beneficial influence

on the respiratory and other organs.

At the turn of the century one could buy a hydro-electric bath. Baths of wood or porcelain, fitted with electrodes, were energised by an induction coil. Customers were offered both "full-body" and part immersion. Sometimes medicine was added to the bathwater in the belief that electricity would pump it through the skin: a process known as cataphoresis.

A problem with this, according to one company, Santitas, in its 1908 catalogue, was that a localised arrangement meant the current largely failed to enter the body. It also suggested that many patients might find it objectionable to be naked - "especially those suffering from a weak heart..."

Santitas had the answer: the electric-cell bath of Dr Adolf Schnee of Vienna, invented in 1902. This appa-

atus was claimed to avoid all the drawbacks of other appliances because "it corresponds exactly with all the electro-physical laws..." It required the patient to bare only the limbs, each of which was immersed in its own porcelain vessel.

A new kind of transformer made its appearance in 1891 when Nikola Tesla, the Croatian-born American engineer, invented his high-fre-

quency transformer, or Tesla coil. It consists of two coils in tune - with the same resonant frequency - and coupled because the coils are concentric. Voltages of tens, even hundreds of kilovolts can be generated this way.

By 1893 Tesla was demonstrating physiological effects; and also the possibility of using his coil for bloodless surgery, nowadays known as electro-cautery, for which I have apparatus dating from the 1920s.

His overriding objective was to develop ever more powerful versions of the coil, generating millions of volts. It was left to others to seize on the intrinsic harmlessness of the output of a small Tesla coil, because the high frequency causes current to track across, rather than into, the skin.

GEC, introducing its first electro-medical Tesla coil in 1902, claimed it was already being used "in several leading London hospitals for the treatment of lupus and other skin diseases".

Interestingly, there is something of a revival today in electro-therapeutics with modern versions of some of these turn-of-the-century inventions. Micro-electronics can greatly increase the convenience factor so that they can now be carried or worn when needed, as in the control of pain.

By the 1920s an apparatus known as Roger's Vitalator was widely used to treat various ailments. According to W.A. Jackson, a pharmaceutical historian: "A frequency of 100,000 times a second allowed the use of much higher voltages without injury." Treatment was painless but visually and audibly impressive, he says.

I came across my first Vitalator in 1983, complete with a set of four glass-tube electrodes that glowed blue and seem to be tailored to apply their emissions to parts of the body the sun rarely reaches.

The National Radiological Protection Board told me it had failed to detect any ultraviolet radiation from the electrodes. But it warned of a different hazard, from what it concluded was a "fairly crude Tesla coil circuit".

The tuned coils are in the Bakelite holder in which the glass electrodes are inserted. I had no further qualms about exciting children with sparks from the electrodes leaping to nose or ear lobe, although mothers remained wary of offers to touch up their sun tans.

During the 1920s and 1930s simple versions of these high-frequency transformers were commonplace in barbers' shops. According to W.A. Jackson, Roger's Vitalator was recommended for 127 conditions, including sexual debility, impotence, and the development of the female breast.

I do not know whether the 127 conditions includes constipation. But Tesla was a chum of the author, Mark Twain, whom he invited to visit his New York laboratory for a demonstration of Tesla coil effects. Twain was subjected to an experiment which caused him to vibrate rapidly. He was warned not to hang on too long but Twain was enjoying the experience until he found himself in urgent need of the lavatory.

It seems Tesla was well aware of the experiment's laxative effect.

## The Nature of Things Food for the brain

Andrew Derrington on whether diet can affect intelligence

**P**.G. Wodehouse's character Bertie Wooster was convinced that the superior intelligence of his manservant, Jeeves, was maintained by eating large amounts of fish. Could this be true? Can you boost your intelligence, or arrest its decline, by eating the right diet?

There are at least three contemporary examples of such claims. First, a number of scientific studies have given rise to reports that vitamin supplements can improve children's intelligence. Second, a number of medical practitioners in Europe and the US are treating children who have Down's Syndrome with huge doses of vitamins and dietary supplements which allegedly boost these children's intellectual development. Finally, so-called smart drugs and smart nutrients, many of them based on chemicals that occur in the brain, are sold by health-food shops and mail order organisations using claims that they enhance intelligence and memory.

Sadly - cruelly even - all these claims are unfounded.

According to Steven Rose, professor of biology at The Open University and a world leader in research on the biochemistry of memory, "there is absolutely no evidence that, for people in normal health, any food acts as a cognitive enhancer. It is distressing that, among the good things they do, health food shops participate in this con."

Why then, if the claims are baseless, do they persist? A large part of the answer lies in Rose's chosen word "con". Confidence, whether it is other people's confidence in you or your own self-confidence, motivates you to perform better. If you take a pill that you believe will make you work better, even if the pill itself has no effect, your belief will inspire



you. Similarly, a child whose family is convinced that he or she will develop well is bound to do better than one whose family has low expectations.

Consequently, in order to show whether a smart drug or dietary supplement has any real effect, a group of people taking it must be compared with an identical group taking a substance known to have no effect, a placebo.

The recipients of the drug may even respond to the expectations of those administering it, so the test must be "double blind": neither the people participating in the trial, nor those running it, should know who is taking the placebo and who is taking the substance under test. The tests of intelligence or memory must be carried out both before and after taking the drug.

Double blind trials are a lot of trouble, but they are the acid test of the effectiveness of a drug or dietary supplement.

So far their use in this field has been both limited and discouraging. Trials of the effect of vitamin supplements on children's intelligence showed that some children improve on some tests. But repeated trials found different results, and some found no improvements at all. Current opinion is sharply divided on whether there is a small effect of vitamin supplements on intelligence in a sub-set of children, presumed to be those with a diet deficient in vitamins, or whether there is no effect at all. Direct evidence that dietary deficiencies impair intelligence is difficult to find because children who have a poor diet actually also lack intellectual stimulation.

Most of the smart drugs and dietary supplements sold by health food shops have never been rigorously tested in normal humans. A report published by the Consumers Association failed to find any

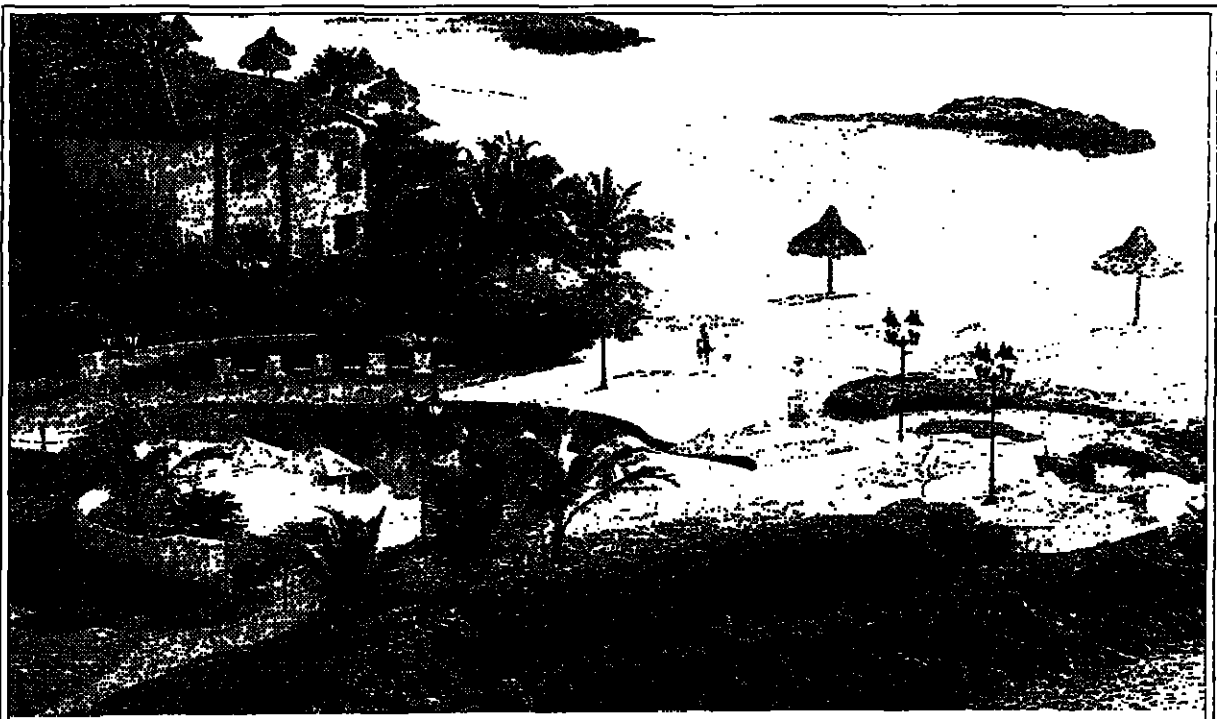
justification for claims that smart drugs improve the intelligence or memory in normal healthy people. Some smart drugs improve memory in rats when injected, some of them directly into the brain. The likelihood that similar effects will be found in humans taking the drug in tablet form is remote. Some products available by mail-order are prescription-only drugs used to treat conditions such as dementia, and known to have potentially severe side-effects.

Side-effects are also a huge potential problem for the nutritional treatments for Down's syndrome. According to Anna Khan, director of the Down's Syndrome Association, "high dosages of vitamins and minerals...can cause liver damage. The association is also concerned that parents of children with Down's syndrome are vulnerable to possible exploitation by those professing to have discovered a treatment or therapy that can dramatically improve the intelligence of their child."

One such treatment, based on a dietary supplement called "Hap Caps" has been in the public eye. According to Khan, dietary treatments for Down's Syndrome crop up every few years, but their effectiveness has never been tested in double blind clinical trials. A report last year in *Smart Drug News* said that the team that developed Hap Caps could not carry out a trial using a placebo because they are completely convinced that the treatment is beneficial and consider it unethical to withhold treatment from the group taking the placebo.

Until double blind trials are carried out, the convictions of the Hap Caps team should be given no more weight than those of Bertie Wooster.

The author is professor of psychology at the University of Nottingham.



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## TRAVEL

## Jesuits with a mission

Agustin Hochschild goes on a journey to the past in Bolivia

*"Mister, Mister you are really lost."*

For the past two hours I have been on an extensive and unplanned tour of the rice and sugar cane fields of Okinawa. Okinawa is in the province of Santa Cruz in south east Bolivia.

Just as I am giving up hope of finding my way out of this maze, I nearly career into a truck across a twisted bridge. The driver gets out and scratches his head, confused by my map and never having heard of my destination of Santa Cruz. "Go back to Montero and find the other road."

Five hours later, I know I am on the right, although suddenly discontinued road, my headlights shimmering over a large expanse of water. "Twenty bolivars to cross," and a ferryman ushers me on to what looks like a raft. Instead, it is a ramp into the river and once immersed I have to keep my eyes on some children as they wade out in front, waist deep in water, changing their minds where I must follow.

It was in this hinterland of South America known as the Chiquitos - a jungle and swamp cut off by the Amazon to the north, the wetlands of the Pantanal and Izocego to the east and south, and by the mountains of the Cordillera Real to the west - that the Jesuits founded, 300 years ago, some of their richest and most important missions. Yet for all their efforts, within a short time the priests were expelled and their missions left to be reclaimed by the forest. Now, the Jesuits are back and the missions are being restored.

It is dark by the time I arrive at San Javier. Here, as elsewhere, the generators are turned off at midnight. The single row of adobe houses look abandoned, the whitewash is old and is weathered pink by the red earth. The row suddenly opens up into a square. Between shadows of trees and a huge cross, I make out the silhouette of the church and the Chapel of the Dead, the first of the missions.

It is magnificent and strange. The church seems to have been transplanted directly from an Alpine village: an enormous adobe chalet with typical wooden facings and a low sloping roof that almost touches the ground. This may seem bizarre, but the explanation is simple. One of the first priests to arrive in 1681 was a Father Zipoli, who was in charge of building the missions. His real name was Hans Schmid and he came from Lucerne. The church is a testament to the Italian high baroque, with intricate carvings, high relief stucco and vast, spiralling pillars.

For more than 100 years the Spanish

in Santa Cruz had been trying to colonise these lands. Yet time after time expeditions were ambushed and routed by bands of Chiriguano Indians.

Across the border, the Portuguese were also laying claim to the territories. The Spanish hoped to resolve their internal difficulties and the external threat by developing a network of missions. The Indians would be neutralised by being converted, drawn out of the forest and confined to the missions. In turn, these settlements would be militarily equipped and become a buffer zone against Portuguese ambitions. But looking at the church, it is difficult to see it as a fortress let alone a quasi-concentration camp.

As I am about to knock on the door of what seems to be a hotel, it opens by itself. A man is swaying in a hammock, linked to the door by a fishing line. "You a tourist?" he asks. "Thought so, we have many here, last year 10,000."

Next morning he tells me: "It was from here that Colonel de la Torre..." I know the story and it took place in the mission's college. The beginning and end of the missions followed in quick succession, within 75 years. The end came on August 31 1767 when a colonel arrived from Santa Cruz with cavalry and camped down the hill. The prior invited the officers to dine and spend the night. They declined. The next morning the priests were assembled, arrested and sent into exile.

"Where are you going now," the watchman asks as he helps load the jeep, "Concepcion." "Do you know that?"

Concepcion is a two-hour drive east. The road is cut in a straight line through trees packed so close that hardly any light reaches the undergrowth. Where they cut the trees but do not burn the soil there are burls of bushes with thorns the size of fingers.

Although Madrid ordered the expulsions, de la Torre tried to have the sentence commuted or at least delayed by the Governor in Santa Cruz. He knew that without the Jesuits the Indians would return and resume their rebellion. Besides, he took pity on the priests: most were more than 60 and had devoted their lives to the missions. The governor refused.

The Jesuits had been invited to clear the land, not to possess it. Successive governors had petitioned Madrid for the revision of the Jesuit charter. Without Crown forces, the regional authorities were powerless against the highly enviable concession the Jesuits had formed. By de la Torre's visit, this mini-state numbered 24,000 Indians, herds of 26,000

horses and close to double the amount of cattle. There were even rumours that the Jesuits had found gold mines and possibly the legendary lost Inca city of El Dorado.

If evidence were needed of secret mines then one need look no further. In structure, the church at Concepcion is identical to San Javier. However, for sheer opulence it appears larger and more grandiose. It is difficult to believe this is a faithful restoration of the original. I doubt Schmidt would have gone in for the Jugendstil patterns of swooning orange women on the facade, let alone the bold reds inside.

This restoration says quite clearly: "We are back." Yet what prompted this return after more than 200 years? Even more interesting, the restoration is the work of a brother, Hans Roth, funded by the brethren from Austria, Germany

**The rain is the first for seven months. The road runs like a river of chocolate. There are mud slides and ramshackle bridges are down**

and Switzerland. Presuming Schmidt's Swiss influence was rare, what accounts for this Germanic presence in a place so distant from their traditional sphere of influence?

"Of course Schmidt's presence was a fluke, but then again after the Hapsburg annexation of Spain, 20 per cent of the Jesuits came from central Europe," Roth says.

In the late 1960s, Schmidt's biographer's dying wish was to restore one of these churches. It was this one. In 1974 we came, I came, there are not too many Jesuit architects nowadays. Once we began with one church we could not very well leave the others to further ruin."

I hoped to make San Ignacio before nightfall. Roth had been disparaging about San Ignacio's church warden, whom he calls *Karlheinz Bauer*, potato farmers. On arrival it is not difficult to see his point. San Ignacio is ugly. It had been too late to save the church. The warden wanted something new. In 1958 they tore down the exterior and rebuilt it with, apparently, a grain silo in mind. San Ignacio was the headquarters of

the area because it was close to the frontier with Brazil and Paraguay. A day's walk to the south-east are three smaller satellite missions which acted as alarm posts: Santa Ana, San Miguel and San Raphael.

Santa Ana is the most interesting. So far it has not come within Roth's orbit and remains untampered. It was also finished by the Indians, the former resident priest having been escorted over the Andes.

It is in considerable disrepair. Rain pours through the roof, paint peels, the wooden floor splinters. That it still stands is something of a miracle.

"Come, I will show you the minstrel's gallery," says my guide, the local Indian chief. He leads me up and along a crooked gallery. He then takes my torch. "Look mica. The whole church was covered in it. We will undress one of the saints." He lifts the blue cloak of the Virgin and shows the remaining vestiges of the dirty opaque grey crystal. Even the priests must have been impressed by their own magic when by candlelight it shone like gold.

The rain is the first for seven months and the road runs like a river of chocolate. There are mud slides and many of the ramshackle bridges are down. Plagues of frogs take refuge on the road and I have to be careful not to run over the occasional armadillo or snake. The journey on to Santiago de Apostol is a nightmare.

Santiago is an anomaly compared to the previous missions. Schmidt did not come here and its military appearance and solid stone structure is a reminder that it was more of a fort. After constant Indian attack it had to be moved three times before its present high escarpment. These days, the Bolivian army has a listening post up there.

It was after midnight when I got back to the hotel. The owner was sitting outside smoking cigarettes. "It's difficult to believe this place has come to this," he said. "This place is getting richer in a bad way. Every day smugglers and others who come to hide."

He was not exaggerating. De la Torre's fears were well founded. Once the Jesuits left, the Chiquitos reverted to no-go frontier land. Three hundred years ago it was ambushes and cannibalism. Today it is the land of the coca lords in spite of the drug enforcement agency.

Nothing seems to have changed. The coca lords might as well stand for the conquistadors. However, the priests are now back. And with the restoration of these missions, they are again attracting the Indians back from the forest and, hopefully, the cocaine factories.



Examining the statue of the Virgin in Santa Ana

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سكرا من الالاحل



TRAVEL

# The springs from which the Czechs flow

Leslie Gardiner follows the Vltava from its source to Prague

A journalist from Prague climbed to the source of the Vltava and jammed a cork into the stone pot from which it bubbled. Then he returned to the capital, expecting to find the river dried out, the water-skiers and rowing sights stranded on mudbanks and the fish gasping under the weirs. But everything was going on as usual.

Smetana's programme notes for Vltava in the poem-cycle *Ma Vlast* (My Homeland) says the river springs from two sources, "one hot, one cold... splashing gaily over rocks". I cannot confirm it because the sergeant at the checkpoint on the Salzburg road, where the Bohemian and Bavarian walds rise to each other like green seas clashing, is too busy watching the Czech Republic play Ireland on television to point the way or issue a permit.

I pick up the Vltava, unmistakably a river, near Volary. You could be near the headwaters of the Tweed or the Dee: pine and moorland, marsh flowers blooming, wild bees busy, pale cattle staring at the sight of a man on foot. Take your eyes momentarily off the river and it turns into a lake the size of Windermere, an artificial novelty that Smetana never knew. The Lipno ferryboat (strange to hear the growl of her deep-sea siren about as far as you can be in Europe from salt water) takes you across 20-odd miles of the drowned valley. My fascination with the scenery amuses the ticket-collector.

"You like this life? Change your job for mine, how about that? All day forwards and backwards. Trunk trunk, trunk trunk, dring dring."

He hails from Prague. What is it like in Prague these days? "Prague is OK. Prague is not Moscow, you know."

Below the dam, Smetana's programme notes are again the guide: "See now the rapids of St John, on whose foaming rocks the waves are dashed in spray."

Rapids of St John, Devil's Rapids, Devil's Ravine, Devil's Wall, Devil's Pulpit - in the gorges, where they are laying down markers for the Czech canoe slalom championships, the Vltava gets rebelliousness out

of its system. Swiftly and smoothly it embraces its first sizeable town, Cesky Krumlov. When an ambitious restoration programme is completed, maybe five years from now, Cesky Krumlov's cluster of spires, cupolas and pointed roofs will be a showplace of the Republic. Just now, along the river bank, it is something like a building yard and the southerly breeze sends paper-mill fumes far down the valley.

The river is now heading north along the Golden Road, an interstate highway of the Middle Ages.

**These four hussies won't wear the regional costume. With candid gestures, Katinka indicates how the bodice inhibits breathing**

Traffic is heavy and BMWs and Audis show the pedestrian no mercy. I wander off with the Vltava on footpaths and farm tracks to the outskirts of Ceske Budejovice, another place you can smell from a long way off.

"Budejovice" in translation becomes "Budweiser", synonymous with beer in many lands. I forget how many litres they export from this second city of the Republic, at the state brewery museum they did tell me. I see it as the lager lout's spiritual metropolis but, as so often happens, preconceptions have no basis in reality.

Ceske Budejovice only smells like Burton-on-Trent. The historic centre resembles an outpost of the old Venetian domains and its baroque flamboyance culminates in a broad, flagged, arcaded piazza, an overflowing basket of flowers. From the huge central fountain (Samson strangling the lion), they assure us, both population and breweries drew their Vltava water. Under the tracery of the surrounding arcades little

cafes are lurking, tailor-made for the romantic tête-à-tête.

Downstream, the Vltava enters pond country. Fishpools large and small, originally attached to the estates of monasteries and princes of the church, are still inhabited by the descendants of the carp which were bred for the table 500 years ago. In these reaches, Smetana's river-music grows lively and challenging.

"Country dances are seen and, on nearby rocks, proud castles rear up, wide mansions and ruins." The proud castles have become trades union holiday homes, eventide homes or tourist attractions, or have fallen into disrepair. The most-visited, a few miles north of Ceske Budejovice is Hluboka, locally known as Windsorska, a castellated country house and riding school in Tudor style.

As to country dances, you see them in June at Pisek when they celebrate the misadventures of the local celebrity, the Good Soldier Schweik.

Pisek means "sand". Its river - not the Vltava but a tributary, the Otava - sweeps among sandbanks where hopefuls pan for gold under a seven-arched bridge loaded with statuary, like the Charles Bridge in Prague. I detour to Pisek to say hello to a former Minister of Tourism, who had a bungalow there, but an oldie has gone away. "Come to Prague!" "Come to foreign parts."

My Pisek landlady has four strapping daughters with swinging blonde plaits, as seen in folk operas. The girls' names - Mareška, Malinka, Vendulka, Katinka - come straight out of *Schwanda* or *The Bartered Bride*. "Do your daughters wear the regional costume?" "No," says mamma, they refuse to, they say they are too tight, they can't breathe in them, let alone dance. The tourist authority offers girls good money to wear the regional costume, but these four hussies won't have it. With candid gestures, Katinka indicates how the bodice inhibits breathing.

"Again, the stream broadens towards Prague, where it is welcomed by the old and venerable Vyšehrad," writes Smetana. A breadth he never dreamt of has

been permitted the Vltava for its last 30-odd miles to Prague. In the mile-wide channels of Slapy, a long serpentine lake, dinghies and public transport boats pass and repass, water-skiers execute tight turns, every sandy spit has its fish restaurant, every bankside glade its camping park.

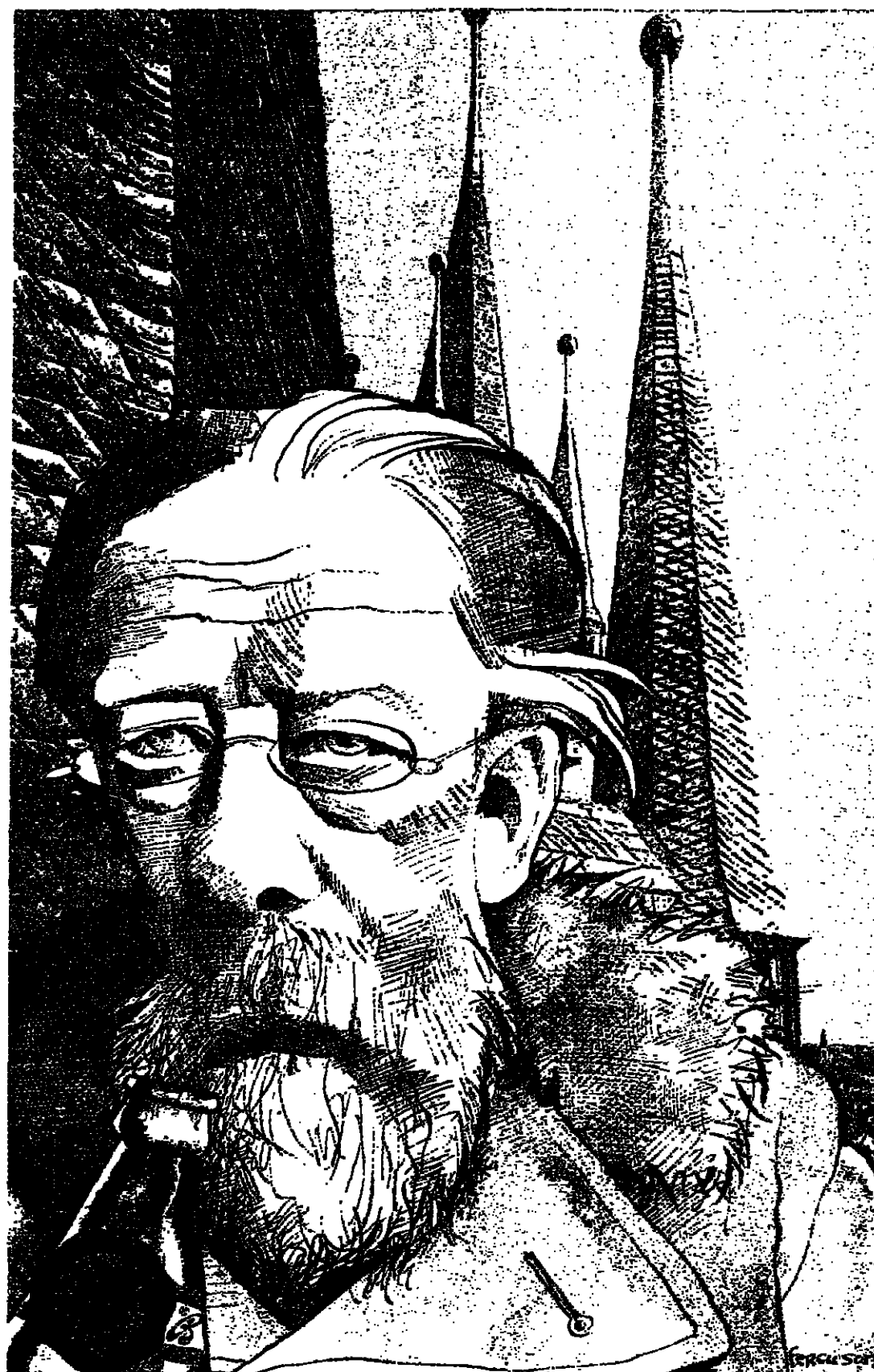
The current hardly stirs the pink-and-white buoys. That strong turbulent river has come to a standstill to make a playground for Prague, high above Prague, eventually descending on Prague in a chain of locks and weirs, the famous Vltava cascades.

Through the old rusty city of the Bohemian kings, over tinkling weirs and under grey-stone bridges, its rocky terraces lined with knights in stone armour and anglers bent in pessimistic attitudes, the Vltava becomes a commemorative avenue for the composer. At Charles Bridge is Smetanova Nábřeží or Smetana Quay. On the left bank stands the Czech National Theatre, where in 1874 revolutionary Young Czechs heard *Ma Vlast* and adopted it for their anthem.

Nearly opposite is the Smetana Museum. If the German-speaking curator has time on his hands he will talk of the composer; how, at a sawmill in Herschenstein, "where two streams met," he dreamt of a poem-cycle called *Ma Vlast*; how he fought the onset of madness; how he ended up in the city lunatic asylum, writing endless letters to Beethoven, Mozart and himself; how on a dreary day in 1884 his funeral cortege entered the Vyšehrad cemetery, followed by half the population of Prague in a cloud of smoking torches; how the National Theatre's facade was hung with black crepe.

The river too has a dismal end. Where it emerges from Prague, a walker cannot get near it for the factory buildings on its banks. Before long the Vltava enters the Elbe, it crosses into Germany and meets the sea in Hamburg's dockland.

"We used to swim in this river," an old longshoreman tells me. "Now, if you fall in, they send for the stomach pump."



Going with the flow: Smetana, Budweiser and the Prague skyline

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**Gerald Cadogan**



## SPORT / MOTORING

Sailing / Keith Wheatley

## Emotional storm ends in tears

Australia ought to list Syd Fischer as a national monument. Of course he is mean, cunning and possesses a cruel sense of humour. But for close to 40 years, this 67-year-old Sydney property developer has spent his own dollars to race yachts at the highest level. Since 1983 he has competed in all four America's Cups, a salty anomaly in an age of multiple sponsorships and marketing directors.

The PR contact-point is generally the phone in Syd's apartment. Ringing for a comment can be a nerve-shattering experience, almost as tough as sailing with him. Last week in San Diego he exercised proprietorial freedom in spades. Fischer sacked his helmsman Chris Law, after a curious final race in the first round robin of the Louis Vuitton Cup (challenger's elimination series) when *Sydney 35* veered off the course during the last downwind leg and failed to cross the finish line.

It took a day or two for details of a horrendous onboard row to trickle out. Law, it seems, learnt that the boat was sailing with an experimental rudder in contradiction of regulations forbidding a yacht to change configuration in mid-round. Bans for the sailors loomed as a potential, if extreme and unlikely, punishment.

Law, an enormously talented but mercurial British sailor with Australian residency, was nearly given an international ban last October for yelling obscenities at on-the-water umpires during the world match-racing championships at La Rochelle. Since Fischer is not an official, Law probably exercised his vocal chords in the owner's direction.

The long tow back to base cannot have been fun, nor the ensuing evening. Fischer and Law had been sharing a flat in the San Diego suburb of Mission Bay, where the majority of the Cup teams are based.

Next day, Fischer offered a terse, oblique statement to the press. "Law became very emotional and report-

edly made critical comments regarding the syndicate and some of its personnel... which in another frame of mind he may have regretted."

Chris Law's only comment was that he suspected all along it would end in tears. It was a shame, because with two wins in the first round, *Sydney 35* had already clocked up more success than Fischer had managed in the whole of the 1992 campaign.

Certainly it was a better result than the disastrous 1-5 record of Marc Pajot's team *Defi France*. In spite of two years of training, a huge budget and a well-orchestrated two-boat technical programme this group seems to be pressing the self-destruct button.

Pajot has often emulated his America's Cup campaigns in French politics, and *Defi France* is mired in the rivalry between Balladur and Chirac, each of whom is eager for the publicity spin-offs of a boat that wins races.

Unfortunately, the first of designer Philippe Briand's two yachts is a dog and in the first round only managed to beat the unfortunate *Rioja de Espuma*, which is so far off the pace that one can only wonder whether too much of the sponsor's product was consumed at the construction stage. Briand's second effort *France* is now the team's only hope of salvation.

Of the challenger groups setting the pace *Team New Zealand*, with six straight wins, is making the game look easy. Both the technical and sailing crews with *TNZ* have many America's Cups between them and know what it takes. With a step back for perspective one can say that this challenge truly represents close to 10 years of accumulated know-how.

Skipper Russell Coutts is the top-ranked match-racer in the world. If the Kiwis do not win the Cup this time, they never will.

Part of that prediction can be based on the certainty that if *TNZ* stumbles, then the lean and hungry Kiwis of Chris Dickson's team, *Tag Heuer Challenge*, will leapfrog over them. Dickson won five races with his unnamed



Members of Tag Heuer Challenge team hoist the spinnaker.

boat. It was going faster every day. His one loss was to his fellow Aucklanders. Dickson is a sailor for the 1990s, the complete minimalist. His young crew is largely unknown but talented and with experience garnered with Dickson aboard *Tokio* during the recent Whitbread round the world race.

He unveiled the new America's Cup yacht, with a folksy lack of fo-de-rol. His diminutive mother Marilyn stood on tiptoe to crack a bottle on the bow. The French in the adjoining dock, by

way of contrast, had an astrofurf garden party and prime minister Edouard Balladur on a satellite TV link. Dickson's boat is plain battleship grey, with a paint job only the US Navy would consider ostentatious.

"I asked the paint manufacturer what colour would weigh least. This is the answer. I think maybe it's some kind of undercoat," he laughed, far more relaxed than the intense, aggressive Dickson of the past.

"Our boat is long and narrow, with a very fine entry to cut through the

San Diego slop. We've also got probably the lightest hull in the entire fleet," said Dickson.

Bruce Farr, the designer, has gone to an extreme corner of the IACC rule to draw this one, optimising the yacht for winds of no more than 8-10 knots. There is little crew protection, with no side decks to the cockpit, which resembles a giant dinghy with a completely open, scoop stern.

"Skinny little bugger, isn't it?" said Fischer, with the verbal directness he was to turn on Law a little later.

Rugby Union / Derek Wyatt

## Day of glory has arrived

Once, France were England's bogey side. In the 1970s and 1980s, one thrashing followed another.

Good Englishmen took it all stoically, biting their bottom lips and agreeing that the French were simply the best side to watch because they had flair. But there was something more to it; something hard to define. Perhaps, in the end, this was what most irked the English. The French seemed to understand the spirit of the game at a deeper level than the English did. All that has changed.

Now it is the turn of the French to be irritated. The French still proclaim themselves the best side in the world. To their annoyance, the English just assume they are now the best.

The English refuse to acknowledge that France beat the All Blacks by two Tests to nil in New Zealand in the summer. They prefer to remember that France lost to Canada en route to the southern hemisphere. This new-found arrogance is the hallmark of the current England side.

The last French win was on Will Carling's debut in 1988. Before Carling, the French dominated the Five Nations championship with grand slams in 1977, 1981 and 1987 (the year France contested the first world cup final against New Zealand) and championships in 1983, 1986, 1988 and 1989. And England? A solitary grand slam in 1980.

France set the rugby agenda. Its club rugby was fiercely competitive and attracted players from around the world - mainly from New Zealand but latterly from Australia too. Even today, there are as many as 200 such players trying their luck with French clubs.

Since 1988, Carling, who is now back to his best form, has led his side to a record seven victories in a row. That run has included some heroic games, particularly for the English supporter, England's 21-19 grand slam win at Twickenham in 1991 was breathtaking; especially Serge Blanco's run from his own dead ball line, a quintessential French try. There was the ferocious rugby world cup quarter-final that year at the Parc des Princes and the sublime victory in 1992 when England dismantled an outstanding French side 31-13.

It is not clear why France has declined and England has prospered.

The French club league system is no longer as strong as it was. There are too many games. Too many are marred by violence. Last year, a second division game was abandoned before the kick-off. The teams had started fighting as the visitors got off the bus. The referee called the game off.

In one of the semi-finals of the cup, a player punched a touch judge. The sanction? A penalty kick. The season also lasts too long - from mid-August to the end of May.

Politics is never far from the surface and has been another contributor to the decline in club standards. There is a bias in favour of the south west, particularly Agen and the cluster of clubs around it; though this is less pronounced than in the 1980s when Albert Ferrasse was president of French rugby and Jacques Fouroux the coach. Players from the Toulouse club, which nurtures the spirit of French running rugby, are consistently overlooked.

Bernard Lapasset, the new French president, has been a breath of fresh air. As his rugby has latterly been in Paris, he is spared the provincial politics but he still needs to re-order the game at club level. There needs to be a premier league of 12 clubs and a separate cup competition rather than the current arrangement of 33 top clubs.

While the four Home Unions are beginning to accept the need to shift the championships to the end of the season, the French have been adamant that it cannot move. Their club

rugby is too important. Yet this year, for the world cup, the clubs have agreed to end the season a month early.

This may be Jack Rowell's first championship as England coach, but he has already changed the team's perception of itself, taking away the fear of failure. He has also introduced a greater flexibility in the line-out and at the base of the scrums. He also wants the ball kept in play longer. It was this that overwhelmed Ireland two weeks ago.

The French side lacks the magicians of previous years. They are good but not great.

England have the better pack in every position, although the French will hold the edge when the ball is on the move. Dean Richards, Ben Clarke and Tim Rodber do not have the speed of Laurent Cabannes, Philippe Benetton and Abdelatif Benazzi, but this is Twickenham and, even with the grass cropped shorter to prepare the players better for the pitches in South Africa, it is still slower than that of the Parc des Princes.

The English backs play better as a unit. Though Rory Underwood finds it harder to wind himself up for every game, he is still a supreme finisher. Jeremy Guscott is moving back to top form. Philippe Saint-André, the French captain, has restored some pride to his team but his backs, apart from one heavenly try in the second test in New Zealand, have still to go.

The omens point to a substantial English victory. In the end though, who cares? What we want is a game of the greatest majesty. I would be happy to take such a defeat stoically.

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Soccer / Peter Berlin

## Charge of the ugly brigade

The English soccer season, which began in the warm afterglow of the summer's World Cup, has begun to sink into the mud of a wet English winter.

Ossie Ardiles, Tottenham's manager, has been tossed overboard taking his attacking philosophy with him. Mike Walker's attempt to revive the "school of science" at Everton ended when he was fired. Ron Atkinson, wedded to an intelligent, attractive passing game, was divorced by Aston Villa.

All three clubs panicked because this year four teams, instead of the usual three, will be relegated from the Premier League.

It is an axiom of soccer that it is easier for a good coach to improve a team's defence than its attack. The three replacement managers - Gerry Francis at Spurs, Brian Little at Aston Villa, and Joe Royle at Everton - all stemmed the flow of goals conceded by reorganising the defence, exhorting their players to work harder and picking midfield

tacklers and runners in place of more creative players.

But as Wimbledon have proved, a willing, well-organised team can score enough goals to survive in the Premier League. A manager who drills his players to hit the ball into the opponent's penalty area and work hard at set pieces need not entrust his career to the mercurial talents of Ilie Dumitrescu, Spurs' former Romanian star, or Daniel Amokachi, a Nigerian version of defender Des Walker brought to Everton.

That does not mean such players do not have their uses. They act as a reminder of the failures of the old regime, a talisman against fans who complain about the ugly style that is gaining results.

At Spurs, Francis boasts that he has introduced something new to the club's training: "running". He will need to add jumping if his cross-country team are to make more of his attacking strategy: the lob out of defence. To call Spurs the Wimbledon of north London would be unfair to Wimbledon, who have developed a fast-moving passing style under Joe Kinner.

Last Sunday, Spurs visited Sunderland in the cup. Sunderland played like the poor first division side they are, but, until Gary Bennett was sent off, still showed more flair and creativity than Spurs.

Royle, a likable man, is a deeply practical manager. At hard-up Oldham, his ramshackle teams were always entertaining but rarely pretty. This was quite acceptable at an

impovertised club. At Everton, Royle's team revolves around Duncan Ferguson, a 5ft 6in bry. Royle has surrounded him with cloggers and grinders in his squad and adopted tactics which exploit Ferguson's 5ft 3in height. Against Liverpool last week it was 19 minutes before one Everton player found another with a pass to feet.

Roy Evans, the Liverpool manager, said: "If anyone mentions Everton's school of science to me again, I'll say I'm sorry, I don't see it." "It's no good having the school of science in the first division," replied Royle. Seven Everton men were booked and two sent off at Newcastle this week.

Atkinson, before his exit from Aston Villa, bought John Fashanu, the forward around whom Wimbledon built their long-ball game. But it took Little to make full use of him. Royle and Francis are aided by the reluctance of the press to believe their eyes. How could a team with Darren Anderson, Jurgen Klinsmann and Teddy Sheringham be playing the long-ball game? Has lovable, friendly Royle really put out a pit-bull eleven?

Both Francis and Little have made moves that suggest that these are long-term changes to club philosophy, replacing successful, youth team coaches with their own men.

Spurs' match programme recently included an interview with Sammy Winston, a youth team forward. He said: "I have noticed the change in style since Gerry arrived with Roger

Cross and Des Bulpin. They want our football to be more threatening and where before the midfielders used to play the ball wide, they are now playing down the middle or direct to the front men."

Little fired Colin Clarke, Villa's youth team coach because of a lack of "continuity between the youth department and myself".

Royle, Francis and Little are not alone. The Leeds championship side three years ago was epitomised by Gordon Strachan. Strachan has retired. Now Leeds rely on the largest, clumsiest front line in soccer: Phil Masinga, Brian Deane and David White.

But a manager who thinks fans at big clubs (Arsenal excepted) will settle for success at any price is deluding himself. Ardiles may be gone, but at White Hart Lane one street vendor still does a crisp trade in shirts carrying the words of Danny Blanchflower, captain of Spurs' greatest team: "The game is about glory. Doing things in style."

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Motoring

## Daewoo takes pain out of sales

Stuart Marshall looks at a plan to remove an irritant from the showroom

While buying a new car is not the ordeal it was, few of us look forward to it. And delivering a car for after-sales servicing is not one of life's pleasures, either.

It is true that supercilious salesmen wearing regimental ties no longer emerge from behind potted palms to look down their noses at people prepared to spend a lot of hard-earned money. But, in popular esteem, car salesmen still come near the bottom of the list. Because of this, Daewoo has decided to do things differently in the UK.

Daewoo (you pronounce it Day-oo) is a Korean conglomerate making everything from supertankers to bulldozers, domestic appliances and the hardware of aerospace. It makes around 660,000 cars a year but plans to produce 2m

annually by the year 2000.

Daewoo's Nexia and Espero, already best-sellers in Korea and Australasia, are based on superseded Vauxhall (Opel) Astra and Cavalier (Opel Vectra) models. They were displayed at the Birmingham motor show last October and a nine-car range goes on sale in Britain this spring. Prices have not yet been announced, but it is a safe bet they will be nearer those of Hyundai and Proton than, say, Ford or Rover.

Staff will not be paid on commission and Daewoo says customers will be made to feel relaxed, not pressurised. Facilities will include a cafeteria and supervised play areas for children, while computers will be available with interactive displays about the cars and the company.

Already, Daewoo has advertised for 200 test drivers who will have a free car for a year. More than 150,000 people replied, and each was sent a questionnaire.

Buying a Daewoo Nexia or Espero sounds rather closer to choosing a new cooker or

three-piece suite than a car, but initial response to the questionnaire suggests Daewoo could be on to a good thing.

The answers show respondents have three pet hates: "pushy, overpowering, intimidating or patronising" salesmen; lack of follow-up service once the sale has been made; and haggling over price.

One of the respondents must have spoken for many women motorists in asking for a better approach by service staff. She wrote: "Many times I have been treated as... senile [although] I have been driving a car longer than most of these overvalued louts have been breathing."

As for haggling, some buyers enjoy it but many do not. They want only to be satisfied they have paid a fair price for a car that will really meet their needs. So, if Daewoo really can make its retail car shops customer-friendly, the pickings could be rich.

Not having driven them yet, I cannot pass judgement on the 1.5-litre Nexia and the Espero, which has engines of 1.5 to two litres. But I suspect that, like Protons and Hyundais, they could prove attractive to quite a few people of modest means who are price-conscious because they have to pay for their own motoring.

three-piece suite than a car, but initial response to the questionnaire suggests Daewoo could be on to a good thing.

The answers show respondents have three pet hates: "pushy, overpowering, intimidating or patronising" salesmen; lack of follow-up service once the sale has been made; and haggling over price.

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Rover Group does its diesel sums

Rover Group's latest cars, the 600SDI and SDLi, make a powerful economic argument for driving diesel. At £16,295 and £17,995, they cost the same as their petrol-engined counterparts, the 600Si and SiL. There is little practical difference in their performance except for fuel consumption: they promise to deliver better than 50 miles per gallon (5.85 l/100km) against 31mpg (8.0 l/100km) in average use.

Powering them is a new two-litre L-Series turbo-diesel engine developed in-house. Its exceptional economy is achieved by electronically controlled direct injection. An oxidation catalyst with EGR (exhaust gas recirculation) enables it to meet emission standards which will come into effect in 1997.

Main services are at 12,000-mile (19,300km) intervals and the camshaft drive belt does not need changing until 84,000 miles (135,000km).

Rover went to a lot of trouble to minimise

noise, the main drawback to direct-injection diesels. The 600SDi I drove for a week started instantly without waiting a few seconds for glow plugs to warm up. It sounded a bit trolley for the first minute or two, and was never quite as refined as the indirect-injection engine of the Citroën Xantia turbo-diesel I use normally. But I give it full marks for urgent acceleration and low-speed pulling power. On a motorway, its noise level was class average.

The suspension settings of the 600 diesel models allow for the extra weight of the engine, and they have larger (15in) diameter road wheels than the petrol-engined cars. Handling and ride comfort are just as pleasant, while standard equipment includes a driver's side airbag, power steering, anti-lock brakes, and an ultrasonic anti-theft alarm with immobiliser.

The five-speed gearbox has a high top for relaxed cruising but neither automatic transmission nor air-conditioning is available. A passenger side airbag is £395 extra.

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The shape of shops to come: the Daewoo Nexia

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FOOD AND DRINK

# The doctor's orders

Jancis Robinson picks some soothing red wines for cold sufferers

As I write I am sucking a Fisherman's Friend, the Lancashire port of Flewood's great gift to the world, a comforting, throat-soothing, nostril-clearing lozenge. Like many Britons, I seem to have had a cold for the last two months and have had to tailor my eating and drinking habits accordingly.

There is no shortage of wines that achieve much the same effect as a Fisherman's Friend - and now, rather than midsummer, is the time to drink them.

They share concentration plus tannin or alcohol or both, and tend to be made in places of little interest to cough sweet salesman. In fact it is an almost invariable rule that the perfect wines for a British winter are extremely difficult to enjoy in the heat of the place and season that produces them.

California winemaker Ed Flaherty (who made my old friend Cono Sur Pinot Noir 1993, \$4.49, Oddbins and Safe-

way) has made another even cheaper, even more warming red which I think is absolutely terrific (El Liso 1993, a recent \$3.79 release exclusive to the more wine-minded branches of Victoria Wine). Nothing so strange about that perhaps except that the first came from Chile and the other from La Mancha, Spain.

El Liso, "the smooth one", was not even made by him. All he did was jet in from South America and blend his pick of the wines made by a new bodega which, unusually for Don Quixote country, specialises in reds. This deep-coloured, spicy, hearty number is made of Tempranillo grapes (the principal grape of Spain's revered Rioja and Ribera del Duero wine regions) aged in new oak for seven months.

Flaherty's delightfully user-friendly touch may be due to his Davis degree in fermentation science or, more tastefully, to his first job, in Washington state, making wines from fruits, such as raspberry and rhubarb. His grape wines are

nothing if not fruity.

Chateau-neuf-du-Pape and Gigondas from the southern Rhône also have just the build for fobbing off flu on a cold winter's night. Yapp Bros, of Mere, Wiltshire (01747-860423) and Gauntley's of Nottingham (01609-417973) are two Rhône specialists.

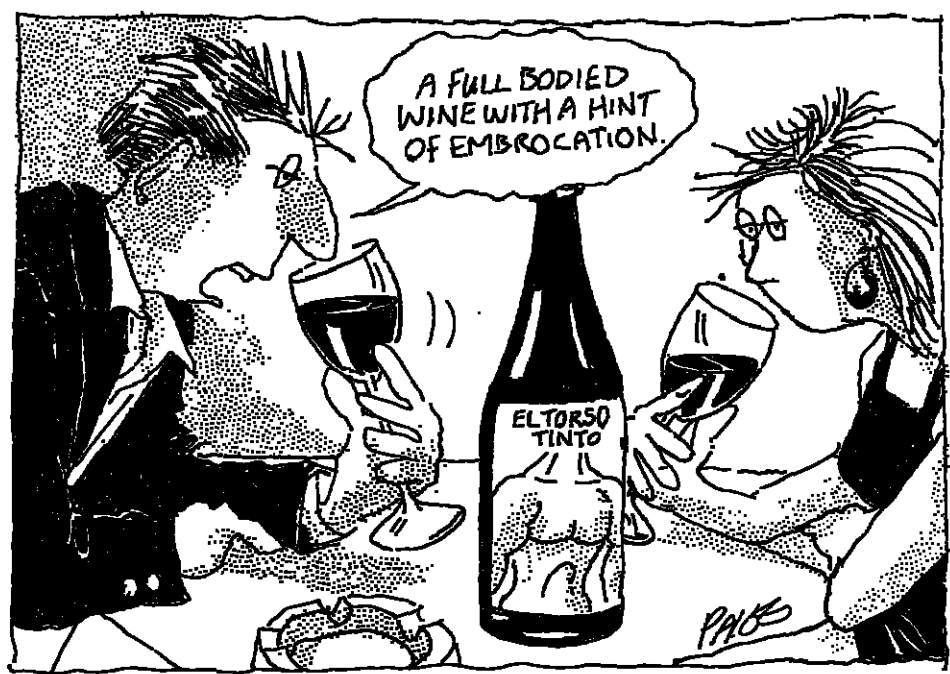
**Californians may be too sophisticated to produce the sheer mass a sufferer needs**

Australia's warmer wine regions are another obvious source of midwinter comfort. Top Australian wine writer-cum-winemaker James Halliday is most famous for his refined Pinot Noir from the cool Yarra Valley but James Halliday Grenache-Shiraz 1994, made from sunny

McLaren Vale fruit, is soon to arrive in the UK and will sell for around £3. The only such wine to have been made in French oak, as he proudly claims, this one has guts, garters and a high degree of sophistication to boot. Delicious stuff for this or next winter. Stockists and Le Nez Rouge mail order wine club on 0171-609 4711.

Another Australian hulk that requires some work to acquire is Heritage Cabernet Franc 1994 at £7.49. With this vintage, which will not arrive at the Australian Wine Club of Datchat on 01763-344546 until April, this wine returns to the memorably reverberating form of the 1991. Stocks will disappear fast.

The famously dense E&E Black Pepper Shiraz from two Barossa growers is now available at £12.99 from Davisons, while Peter Lehmann's Vine Vale Shiraz is a marvel of concentration and macerated fruit for £3.99 at Oddbins. California Zinfandel is another source of comfort in a



bottle, and can taste much more delicious than Night Nurse. Oddbins may still have some of the fine Ridge 1992 bottlings at £13.49 as well as the perfectly respectable Ravenswood Vintners Blend 1992 at £2.99. Greenall's rapidly developing upmarket chain Berkeley Wines (01925-445555) has

the dense and spicy Madrona 1993 at £7.29.

But the Californians may be too sophisticated to produce quite the sheer mass of extract that a head cold sufferer needs. This is where the Argentines come into their own. Marks and Spencer has the thoroughly un-M&S-like Trapiche

Medalla 1991 for £6.99. Based on Cabernet but souped up with Malbec, this is an enormous, delightfully uninternationalised product.

Argentine specialist Pampas Wines, of Welwyn Garden City, Herts, (01797-353015) will take delivery of a new shipment from Navarro Correias and will

have the whacking Malbec 1991, Luigi Bosca, both around £8, next month.

But back in Spain there are indigenous marvels too. The Navarre producer Chivite's top bottling is, like El Liso, made almost entirely from Tempranillo, although the Julian Chivite Aniversario 125 1988 Gran Reserva is much more glamorous and ambitious. Aged for two years in French and American oak, it is obviously designed for drinking over the next five years and proves, like Oddbins' Palacio de la Vega range, that Navarre should not be dismissed as light red wine country. Around £11, it is worth seeking at the Grape Shop, London SW11: D. Byrne of Clitheroe, Lancs; Bennetts of Chipping Campden, Glos; and The Winery of London W9.

Full, deep, rich but with a tinge of acidity that might not appeal to all palates, Portugal's Quinta Paz De Arouze 1989 is reminiscent of the Mouchio I raved about last autumn. It costs £9.99 from Berkeley Wines in north-west England.

Big reds? You cannot get much bigger than Amorene, wine made from dried Valpolicella grapes. Bigger Sainsbury's have an unusually soft, full 1988 from Sartori at £6.49 which tastes as though it would cure many a sore throat.

# Big bites in the Big Apple

Nicholas Lander reports on New York's newest restaurants

New York restaurants are the living rooms of the city's middle classes. Who says so? None other than Bryan Miller, of the New York Times, one of the US's most respected food writers.

"Unless you earn more than \$350,000 (\$160,000) in New York you can't afford an apartment big enough to entertain in, so we use restaurants to meet friends in, do business in and eat in," says Miller.

We were sitting in Lespinasse (212-339-6719), the plush restaurant of the St Regis Hotel on East 58th Street. It was full in spite of - or perhaps because of - being the most expensive dining room in town.

Gray Kunz, its Swiss chef, combines classic French cuisine with oriental spices producing dishes such as shrimp salad with opal basil, remoulade, an oriental nage with scallops, sweet clams and mussels, crisped turbot with sweet lime, sour orange and kaffir relish. Kunz produces these from an astonishing kitchen that has just undergone a \$3m renovation - something only a large hotel can afford.

Oriental flavours preoccupy New York chefs and I ate a most exciting meal at Aja (pronounced Asia) on 887 Broadway at 22nd Street (212-473-8388) cooked by Gary Robbins. Seared scallops came with kangaroo, yams and crispy noodles, a spicy tuna tartare wriggled over the plate in search of its accompanying rice cakes but the fivepiece grilled squab almost blew our mouths off with its combination of caramelised mango, kaffir lime and Thai chillies.

My main course - steamed lobster, penang curry, roasted eggplant and the sweetest grilled pineapple I have ever eaten - was excellent but I cannot find a word of praise for the restaurant's designers. Constant unnecessary music, high ceilings, walls which do not absorb the chatter and uncomfortable chairs make you very glad of Robbins' presence in the kitchen.

Another most reliable source of New York restaurant gossip had suggested uptown, north of 60th Street in a predominantly residential area. There, the cooking tends to be more conservative, less audacious



Gramercy Tavern: you will need to book in this popular and innovative New York restaurant

than it is downtown, particularly in the bustling areas around the Flatiron Building, Union Square and Gramercy Park. But, since I was pressed for time, I headed downtown.

New York's most talked about new restaurant is Gramercy Tavern, 42 East 20th

Street (212 477-0777), which used to be an army-memo factory. It is the creation of Danny Meyer whose successful first restaurant, the Union Square Cafe (212-243 4020) has just published its cookbook in the UK (Harper Collins, £22, 330 pages).

The sensitively lit restaurant uses a lot of wood, the walls are adorned with old prints and artefacts and, in one white alcove, there is a colourful tapestry.

The dinner menu is \$52 per head (excluding wine). There is a cheaper tavern menu, with

dishes \$5-\$15, while lunch in the restaurant is \$35-\$40. Desserts emerge from an open wood-burning range. Highlights are panna cotta with warm orange segments, blood orange sorbet, roasted pear with sour cherry compote and ginger ice cream and a warm

chocolate ganache cake with vanilla bay leaf sauce.

This is the only restaurant I have been to which serves a range of wines by the half glass. Meyer said: "I wish I had realised this 10 years ago when I first became a restaurateur. This is how people want to

drink today, especially at lunch."

We drank four different half glasses for \$16 and left feeling we had a bargain. Unfortunately, British restaurateurs, constrained by recent and ridiculous legislation on wines by the glass, cannot follow this

sensible example.

Another exciting new restaurant is C.T., 111 East 22nd Street (212-685 8500). It has a French culinary foundation - C.T. is Claude Troisgros, son of Pierre of Roanne - supporting strong influences from Brazil where Claude has been cooking for several years. We ate in a section of the restaurant looking into the kitchen, where Claude was busy tasting new dishes.

C.T.'s menu contains descriptions and dishes I have not encountered before: saladocanard - a salad of duck foie gras and duck confit, fresh roasted peanuts and spicy olive oil and a well-prepared beef tenderloin in a red wine sauce with a yuca biscuit.

A three-course menu is \$36 but the wine list is expensive by New York standards unless you want to add a third course, a man with seven restaurants to his name, took a full page advert in the New York Times showing 15 different top wine labels from around the world. Underneath was his slogan: "Hail a cab to the great wine regions of the world. You pay for the cab, we'll buy the wine."

Book a table at Cité, 51st Street between 6th and 7th Avenues (212-686-7100), during 8pm and closing time, until the end of 1995, and they pour any four of these wines at no extra cost to the price of the 1993-94 three-course dinner. In theory you could drink four bottles with your meal. Last year the restaurant staff poured 36,484 bottles of wine. Could Stillman have the solution to the European wine lake?

# Beer, wine and earthy eating

Giles MacDonogh enjoys a cheerful stay in Bamberg

and beer-Germans.

One German city, however, defies the rule. Bamberg is almost equally steeped in beer as wine. The city is in Franconia, which ever since Napoleon smashed the Holy Roman Empire, has been somewhat unconvincingly attached to Bavaria.

The western part of Franconia is associated with good, flavoured wines, often made from the under-rated Silvaner grape. Bamberg is less famous for wine than Würzburg, but the nearest vineyards to the city are within walking distance of the cathedral and there are dozens of *Weinhäuser* in which it is the most normal thing in the world to order a *Viertel* of wine and a plate of earthy, Franconian food.

Bamberg is also exceptional for another reason: it, almost alone of German cities of any size, survived the war with only a few broken rafters and shattered roofs.

The well-preserved glories of romanticism and baroque Bamberg make it a tourist destination

of the first order. I arrived there at the fag-end of last year. My first port of call was the Schlenkeria Ausschank in the Dominikaner Strasse, which, with the Spezial brewery in the Obere Königstrasse, is the mecca for lovers of Bamberg's most famous speciality: *Rauchbier*.

*Rauchbier* is smoked beer. The smoking takes place at the malting stage, a little like those peaty whiskies from the Islands. Bambergers, however, do not use peat, but the plentiful beech logs they find in the local forests. *Rauchbier* is a dark lager, in colour half way between bitter and mild, uncarbonated and unpasteurised.

I ordered a glass from a woman whose forearms indicated half a lifetime spent lugging beer pots. The beer was tipped from a minute barrel. As the pub was full to capacity, several of these tiny casks were wheeled in over the next hour or two.

It was a deliciously authentic room, plenty of dark wood, cooking and hunting trophies. I

was frustrated in my attempts to eat a *Bierhaxe* and had a mountainous *Eisbein* instead: a boiled pork knuckle flanked on either side by Sauerkraut and *Bratkartoffeln*. Then came the beer.

My first impression was of putting my nose into a dish of lentils and smoked bacon, but as I got farther down the glass the strong, smokey character was less and less disturbing. Like the locals, I swiftly ordered another.

The next day was new year's eve. Like a fool I had not booked into a formal *Silvesteraubend* in one of the city's restaurants and was obliged to eat a boring meal in a pretty riverside restaurant called *Wein-fass*. After dinner, I wandered up to the Michaelsberg with its great baroque abbey where the local Malsers brewery has its own Ausschank. Here, I drank *Hefe*, or yeast beer, tasting of fresh bananas until the year finally closed.

As I left, crowds were converging on the monastery's cheerful Bambergers clutched

a bottle of *Sekt* in one hand and a bundle of fireworks in the other, gathering for their new year parties.

On January 1, the old city was ankle-deep in snow and I had more luck with the local restaurants. I went to the *Weinhaus Messerschmitt*, which has been owned by the same family since the 1820s: Willy Messerschmitt's people. He founded the aeronautical company which created the Me 109, the Me 209 and the first operational jet fighter (the Me 262) here in 1939! The *Weinhaus Messerschmitt* has reverted to a peaceable vocation. I ate the pretty aspic of "happy" (ie humanely dispatched) carp, some Bamberg vegetable soup, a hunk of suckling pig with *Weinkraut* on a *Rauchbier* and stock reduction, and drank a bottle of Silvaner from the Julius-Spital in Würzburg. It was a fine, last meal in baroque Bamberg, and a fortuitous blend of wine and beer-Germany.

The next morning I trudged off to the station through the snow, with the smoky fumes of the Spezial brewery hanging in my nostrils.

Information: Schlenkeria Ausschank is available at £1.49 a bottle from Oddbins and J. Sainsbury.

■ *Weinhaus Messerschmitt*, Lange Strasse, 41. Assume about £40 a head with wine.

# Parker pops in



Devotees of American wine critic Robert Parker and his points-out-of-100 will have the chance to see the great man in the flesh during his brief visit to London on Thursday, March 23.

John Armit Wines is organising a lunch and dinner with tutored tastings of "outstanding Pomerols, Médocs and white Burgundy" at The Banqueting House, Whitehall, that day. More details from Sisde De Paolis at John Armit Wines on 0171-727 6846. Fax: 727 7133. Jancis Robinson

■ Those who have tasted Austria's tinglingly concentrated dry Rieslings, made from vineyards overlooking the Danube in the Wachau region, know just how delicious they are, especially in the top Smaragd category.

But few Britons have, because these wines are made in small quantities and tend to be snapped up by Austria's own voracious connoisseurs. The highly respected Wachau co-operative winery, Freie Weingartner Wachau, now has a British importer, FFW Wines, of Banstead, Surrey,

which is starting to get bottles on shelves.

Fortnum & Mason, of London SW1, has a stunning 1990 *Bürgerspitalstiftung Spitz* and a 1993 *Weissenkitchner Achletten* which, in three years, will probably be even more exciting.

Both these Wachau Riesling Smaragds sell at £10.95 chez

F&M, which also has a 1993 *Grüner Veltliner Federspiel* at the more introductory price of £5.95. JR.

■ A gastronomic seminar led by restaurateur Albert Roux takes place at the Institute of Contemporary Arts, The Mall, London, on March 20 at 7.30pm. Among the questions being debated will be: what makes kitchens of distinction; why the question of taste has lost its bite in Britain (sic), and what makes for French superiority in sauces. What sounds a distressing agenda to British food lovers is almost certain to be enlivened by journalist and broadcaster Henrietta Green and *The Guardian* newspaper's food and drink editor Matthew Fort. Tickets cost £5.50 (tel: 071-930 3647). Jill James.

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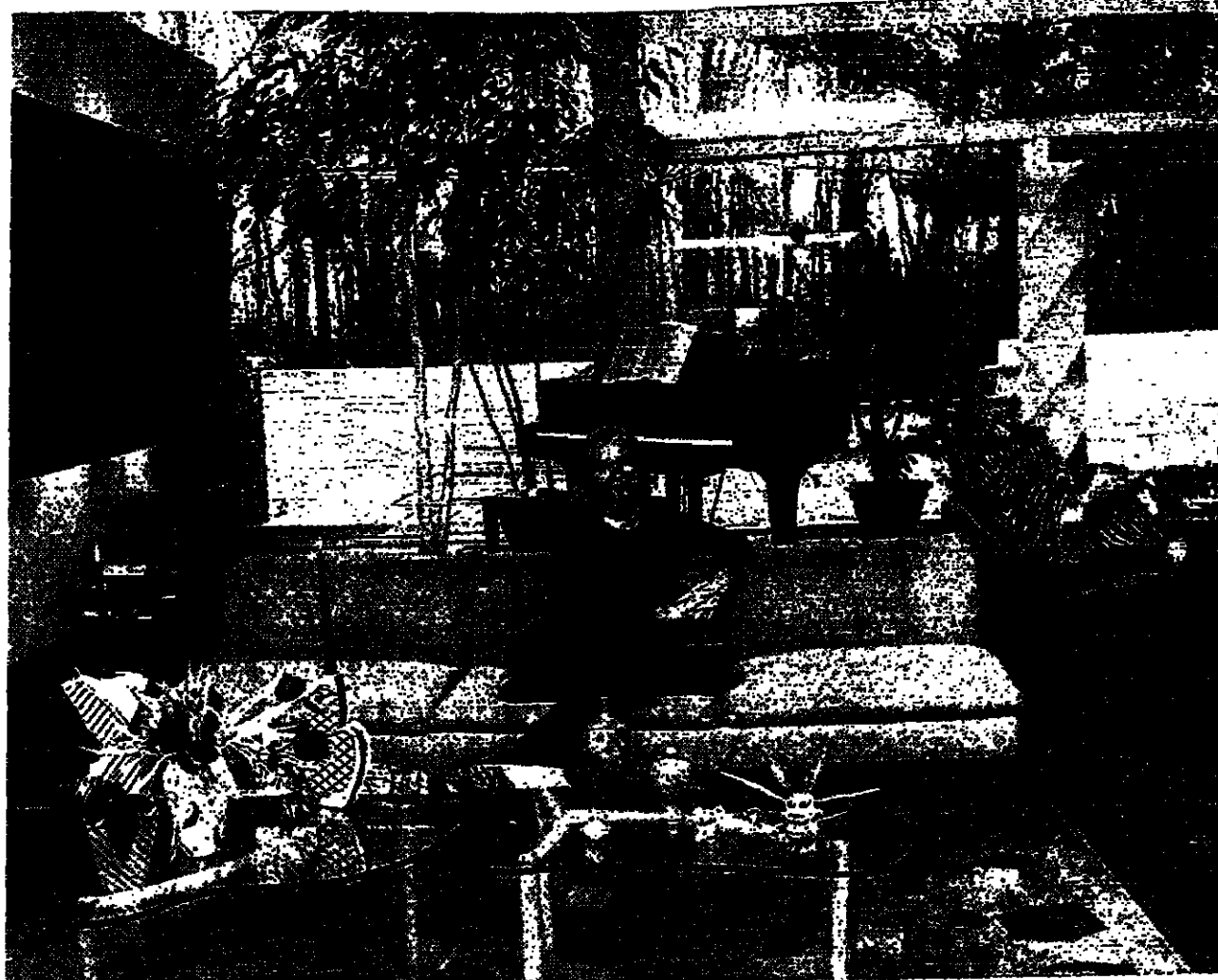
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## FASHION



The sitting-room in Jeff Stone's Sutton Place apartment: storage, no sofa, no television – the tension between the Alvar Aalto low round table and the take formality of the reproduction Louis XV chairs makes it 'one of the great places for having a Scotch'



Kim Johnson-Gross's Bauhaus-style house in the woods outside New York – an air of great tranquillity compounded of order, light, air and space give the house its special atmosphere

# Visual inspiration and evangelical living

A style. A trend. A way of life. Lucia van der Post talks to two friends who have become New York design

"You know," says one chic shopper to her friend on the escalator in Bloomingdale's, Manhattan. "I used to love to go shopping and now... I guess I hate it."

Just one shopper in one store in New York but in this little exchange is captured something of the feeling of the age. Multiplied, it goes a long way to explaining why, no matter how temptingly retailers lay out their wares, bottom lines are still precarious, designers are all at sea, and trend-spotters are still bemused.

Times and economics have changed and with them the way many view the world. Sensing this, giving it concrete form, articulating it in a series of apt little guides to modern living called *Chic Simple*, are a couple of forty-something New York friends called Kim Johnson-Gross and Jeff Stone. These 16 modest volumes – dealing with everything from the home to clothes – have sold more than 350,000 copies. At Rizzoli (roughly to New York what Waterstone's is to London), the *Chic Simple Home* book is consistently among the top 10 best-sellers.

It was three years ago when Stone and Johnson-Gross felt a need to move on from the jobs they were in (Kim was a fashion editor, Jeff worked in publishing). They felt, correctly, that if they were feeling a need to streamline their lives and rethink their approach to living, so probably were many of their contemporaries.

"The economy had changed," says Johnson-Gross. "Jobs were becoming more precarious, many of my friends were having families, spending more time at home, wanting more comfort but less formality."

"Many had less money to spend but they had been exposed to great quality during the 1980s and they were not happy to compromise."

"Taking risks ourselves, giving up our jobs and our health insurance (madness, said our friends), meant we had to cut



Jeff Stone and Kim Johnson-Gross, partners and founders of the Chic Simple guides

down drastically on many of the things we'd taken for granted. "I was used to travelling to the fashion collections and had to learn to edit my own clothes down. So we put all that stuff into the books, the basic principles that people had forgotten about – age-old wisdom pared down and repackaged for the 90s."

When they started, they worked from Stone's library – today, they work in a light and airy loft in Manhattan's SoHo and have six people working for them. They have tripled in growth and, most importantly, they agree: "We're creating the things we want to create, we have fun doing it and if we can see our way to meeting the

payroll for the next 60 days, then we don't want much else."

*Chic Simple* books are on sale in shops, such as the New Age Felissimo (at 10 West 56th Street) to exquisite designery stores such as Wolfman Gold and Fortico Red.

The books were greeted rapturously. I wrote, for example: "Chic Simple provides the manuals, the visual inspiration, as well as the hard practical information for a new way of living." And again, the books are "a cross between a visual record, a sourcebook and an evangelical tome."

They are primers to a fresh, clean, serene way of living that chimes in with many people's inner psychology. They offer a chance to reflect on the way we live today, applying a Zen-like clarity to the matter of dressing, bathing and furnishing a house.

They know that it is not so simple to make something simple. It requires a finer eye, a truer taste. "Basically," says Stone, "you shouldn't have more things than you can appreciate."

In keeping with these pared-down times, the two are not interested in having a giant company. They are the sole owners of Blue Sky Enterprises, and they aim to keep it that way. "We are laid-back control freaks – we can only keep the personality and the brand alive if we can control every detail."

"We don't want to be part of a multi-million dollar enterprise having to listen to the accountants and the apparatus and having somebody represent us that we aren't in tune with."

"In the US today a personal computer is like a telephone or a TV – an everyday appliance. We see ourselves as a cyber-space general store, providing style information in a variety of media and formats."

"We don't aim to produce



Jeff Stone's bedroom: "The bedstead is a cheap reproduction but the sheets are the best there are – Pratesi – because every night we put our bodies between them." The fragility of the inexpensive white fabric at the windows contrasts with the heaviness of the nails which hold the curtains to the wall.

Photograph: Margaret Gibbons

products but to create a catalogue or an online magazine so that people can access information about style and products. We're spending a lot of time this year moving in that direction and putting our books on CD-Rom."

They tell us: "From Computer (472704246) to e-mail (info@chic-simple.com) we can be reached." And reach them readers do – they have been faxed and e-mailed from all over the world.

Let this all sounds like so much high-flown idealism, fruitful fodder for modish little books but bearing little relation to the real world, I have – sickeningly – to report that Stone and Johnson-Gross seem to live by the precepts which underpin their growing empire. "Our houses and our

wardrobes," they say, "are laboratories for our books."

Here, for instance, is Johnson-Gross, elegant in classic black wool Armani trousers – "at least eight years old" – a black leather belt with a beautiful buckle, a scoop-necked fine black body and a stunning silver necklace of precisely the right length. Shining blonde hair, little make-up.

Stone is in jeans, a white shirt and a navy cashmere sweater. "Working on the books," says Johnson-Gross "has made us look into our own lives, made us think about how we live and what really matters."

Then there are their homes. Take Stone's. He lives with his partner, Jane, and sons who come and go. We enter a large and roomy apartment in Manhattan's Sutton Place, just by the river (no one ever said living simply was necessarily cheaper... the less you have, the more important the quality of what you have becomes) to find a long, white, painted hall. On the walls a row of empty wooden picture frames. Inside two adjoining frames the words *Not* and *Art*.

We move on into a series of linking rooms. More white walls, a simple wooden country table surrounded with country chairs until we come to the heart of the home – four reproduction Louis XIV chairs, serenely and symmetrically arranged around a plain, low Alvar Aalto coffee table as if it were a hearth. "This room," says Stone, "is just for being in, a true sitting-room. There's no sofa, no storage, no enter-

tainment and no TV. It has a sense of still being open to possibilities. I had always assumed that when we had people in we would gravitate to the library where there are sofas and comfortable chairs but I find we sit here all the time."

The bedroom has what he calls a "cheap reproduction bedstead which is placed off-centre and seems to float but the sheets are Pratesi and cost more than the bedstead."

At the window are simple cheap synthetic white curtains – "they can be just washed and dried which is essential in the fifth of New York. We just nail them to the walls – I love the contrast between the heaviness of the nails and the fragility of the fabric."

What gives the apartment its special air is the sense of discovery – everywhere there are small visual delights, a group of simple stones, a series of antique door handles placed where there is no door ("I believe a house should have a sense of humour"), some miniature chairs above a linen.

Kim's house is even more pared-down than Jeff's but is equally idiosyncratic, perfectly exemplifying her belief that style should never be mass-produced but always personal and particular.

Here in Rye, just outside New York, Kim lives with her architect husband, David, and their two daughters, in a 1960s

Bauhaus-inspired glass house.

"Outwardly we were mad to buy it – it had no storage, no basement, no attic, no garage but it felt good. After living in the middle of the city I loved coming out here. We overlook a nature reserve and the glass windows make us feel nature is all around us. As a family we love that feeling of being close together."

"Living in so small a space (though they are now adding an extension which will greatly expand the house) has forced me to edit things constantly. It now really bothers me to have things that I don't wear any more."

"It's that feeling of excess that I hate. Doing the books has helped Jeff and me make sense of this adventure that we call life."

"We examine our lives constantly. It is amazing what you can do in a very little space – I have just produced a whole cookbook (the next *Chic Simple* title) in that tiny kitchen."

*Chic Simple* books are published by Thames & Hudson in the UK. New editions, due in mid-February, include a large format *Body*, £14.95 and *Storage, Nursery, Desk and Tools* in small format at £7.95 each.

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## BOOKS

## Well qualified for the high life

A.C. Grayling reflects on the place in society of elite education

Is higher education worth it? Think of the effort involved in achieving a place at university and then the years spent in getting a degree while contemporaries are already earning money and accumulating valuable experience. Post-graduate professional qualifications add further lengths of study: two or three years for the lawyer, five or six years for the doctor. Is it really worth it?

The question has become more acute in the changing economic realities. Unemployment rates and changed work practices make the labour market at all levels a more volatile place. Between ten and 20 per cent of the Harvard Class of 1988 is currently unemployed in the US. Were the years of undergraduate and graduate study worthwhile for these people, now aged 35, who represent nearly one in five of the highest-educated in their generation?

Such is the deeply uncomfortable

question asked by the authors of this long-term study of a group of Stanford University graduates in the first decade after graduation. Their answer is important not just for intending students, and for the parents who wholly or partly pay for them, but for society at large: because if expenditure on higher education is not justified by subsequent advantages for its beneficiaries, why bother with it?

The authors' reply to their question is emphatic. Higher education is, they conclude, unequivocally worthwhile. The facts speak for themselves. Four out of five of the graduation cohort they studied went on to take professional qualifications, most of them studying

business, law or medicine, others gaining engineering or technical degrees, a few taking doctorates in humanities or social sciences. Most entered high-paying careers associated with the qualifications thus acquired.

Now, ten years later, the family incomes of this sample average \$100,000 a year. Almost all display marked upward social mobility; almost all express satisfaction with their jobs, saying that they would still work even if they did not need the money. Almost all are strongly committed to their careers, working long hours and valuing the interest and challenge of their work more highly than the financial rewards they receive.

One fascinating result was that although the women in the sample earned on average 27 per cent less than their male classmates, chiefly because of career interruptions

**THE CREAM OF THE CROP**  
Herant Katchadourian and Hohn Boli

HarperCollins \$27, 383 pages

occasioned by children. They had much higher overall household incomes than their male classmates, as a result of having acquired high-earning partners.

The authors nevertheless found some all-too-familiar constants. Discontent among the sample's

members related mainly to domestic life, where the primary areas of contention are domestic chores and child-care. Educated women still do the lion's share of the former, and either undertake or arrange the latter. Most said they would like to engage in more cultural activities - theatre, concerts - than time in practice allows. In these respects Stanford, California, looks little different from London, England.

This last point merits attention. The authors write about "elite education", by which they mean the species of higher education offered at Stanford and Harvard and others of the premier universities of the US. Most American colleges fall well short of such standards. How

do British universities and their graduates compare?

Despite nearly two decades of double squeeze - funding cuts and simultaneously increasing student numbers - British universities remain in the same league as, or better than, America's best, producing graduates whose levels of attainment are not matched by American students until the latter are in "graduate school". It is not in quality but in (properly funded) numbers that the UK falls behind America. Germany and Japan; far too few Britons are educated to the highest levels.

But in other respects almost everything the authors say about their Stanford sample applies to

British graduates who proceed to professional qualifications. As one would expect, higher education leads in the main to higher achievement and higher standards of living. It might not provide immunity against recession and labour market volatility, but it helps. Moreover, the authors note, most unemployed graduate professionals do not stay unemployed for long.

The measurements used by authors apply to income and satisfaction. Such intangible benefits as personal life-enrichment are not much explored, which is a pity because one of the greatest values of higher education lies in its production of fresh generations of thoughtful, discerning, questioning people capable of keeping society alive by challenging and therefore renewing it. In at least this regard, then, the question should not be: is higher education worth it? but instead: would a society without higher education be worth it?

## Taste of infinity in a puff of smoke

Michael Thompson-Noel on an elegant philosophical study of tobacco's darkly beautiful 'negative pleasure'

On average, I smoke 34 nasty, filthy, killing cigarettes a day. I use the brand smoked by cowboys. I am fairly sure they are killing me, though it is possible they are not.

I cannot be certain that cigarettes are killing me because I do not know whether I have the gene that predisposes people to death by smoking. "If you have that gene then you are quite probably killing yourself," I was told last year by Dr Steve Jones, who is professor of genetics at the Galton Laboratory of University College, London, and author of *The Language of the Genes*. "On the other hand, you may have the gene that predisposes people against dying from smoking, in which case you could stick some in your ears and smoke six at once and you still wouldn't die from smoking cigarettes."

Either way, it is reasonable to ask why a person who is not outrageously stupid and is acquainted with all the gory risks should persist in smoking 34 nasty, filthy cigarettes a day.

This is the question at the heart of *Cigarettes Are Sublime*, Richard Klein's elegant, original, intelligent and intensely enjoyable study of the cigarette habit, and of the literary, philosophical and cultural history of smoking. It was first published in the US in 1993, but makes an official appearance in Britain, in Picador paperback, on March 8, No-Smoking Day.

As Klein says, there is no place in the world where people do not smoke if they are allowed to. In praising cigarettes, he says his aim is not to encourage smoking, but neither is it to discourage smoking. As he observes, condemning cigarette smoking frequently fails to have the desired effect - often accomplishes the opposite. With many people, trying to persuade them not to smoke is a form of ensuring they continue to smoke, as the coach at my tennis club well knows.

This is strange. The noxious effects of tobacco have been known since it was introduced into Europe at the end of the 16th century. Since the early 19th century, it has been recognised that the alkaloid of nicotine, administered to rats in pure form in small doses, instantly produces death.

But we are not rats. Warning smokers of the dangers entices them more surely to the edge of the abyss, where they can be thrilled, says Klein, by the grandeur of the perspectives on mortality opened to them by the little terrors in every puff. Cigarettes are not beautiful, he says, but they are sublime because they entail "what Kant would call a 'negative pleasure': a darkly beautiful, inevitably painful pleasure that arises from some intimation of eter-

**CIGARETTES ARE  
SUBLIME**  
by Richard Klein  
Picador £5.90, 205 pages

ality; the taste of infinity in a cigarette resides precisely in the 'bad' taste the smoker quickly learns to love."

To intervene in this conundrum, says Klein, a different, more paradoxical, more hypocritical strategy is necessary: in short, not *aiming* to discourage smoking, in order to discourage it. He says that in not wanting to condemn smoking, his book may in fact have a positive - that is, a negative - effect.

It is his premise that cigarettes, though harmful to health, are beautiful and civilising, and one of America's proudest contributions to the world, and that perhaps we can stop smoking cigarettes only when we start to love them, "becoming so enamoured of their charms and so grateful for their benefits that one at last begins to grasp how much is lost by giving them up, how urgent it is to find substitutes for some of the seductions and powers that cigarettes so magnificently combine... Writing

this book in praise of cigarettes was the strategy I devised for stopping smoking, which I have - definitively."

Clever stuff. Too clever, possibly, for the milling hordes who consumed - what was it? - 398bn Marlboros in 1994, plus trillions of others. But it has resulted in a book that more than fulfils its author's hopes of producing, simultaneously, a piece of literary criticism, an analysis of popular culture, a political harangue, and an ode - and an elegy - to cigarettes.

Not that the cigarette habit is necessarily dying, despite the growth of healthism in America and elsewhere. It seems to be dying, for we are in the midst of one of those periodic moments of repression, says Klein, when the Puritan ethic is enforcing its guilty constraints on society under the guise of public health while "enlarging the power of surveillance and the reach of censorship to achieve a general restriction of freedom."

There is nothing novel in this. At the end of the last century the imminent end of cigarette smoking was widely predicted, so it may be premature to celebrate its disappearance now. More likely, says Klein, is that the US, at least, is presently at the apogee of one of the cyclical stages of encouragement and prohibition of smoking, a cycle already repeated several times this century.

"That would suggest that we are due for a swing in the other direction: the sharp rise of smoking among certain sectors of the population, in the face of a generally slowing decline, leaves one to wonder what fate awaits the anti-smoking movement under conditions of economic or social stress."

If a period of great stress occurs, then the benefits of cigarettes, especially the mechanism they offer for regulating anxiety, for aiding social interaction and for spurring concentration, may overshadow, once again, their nasty, filthy, killing side effects.

**THE PHYSICS OF  
IMMORTALITY**  
by Frank J. Tipler  
Macmillan £20, 327 pages

metaphysical baggage. He certainly concedes that his is an extreme reductionist position. Human beings, he maintains, are nothing but information machines, whose software happens to run on an organic brain. His future universe will be colonised by our robot descendants, and our own life after death will be as computer emulations inside a device

with rather more processing power than the computer on your desk. As a proper cosmologist is undaunted by orders of magnitude, he even works out how much power it will need to emulate all possible people in all possible universes and every one of these inhabitants of cyberspace indistinguishable from the real thing.

All the bold calculations are in the service of a second strand in Tipler's metaphysics, which he is less emphatic about, but which permeates the book. His is a vision not just of eternal life, but of endless progress. It is American can-do optimism extended not just around the world, or into the next century, but to the limits of the universe.

When space is fully colonised, up to the final frontier, salvation only requires faith in mathematics. Having aban-

doned our old gods, we can recreate God through our own efforts. The omnipresent, omniscient, omnipotent consciousness which exists at the Omega Point is simply the apotheosis of life evolving and expanding through the universe.

That being so, it is hard to see why Tipler devotes so much of his study to arguing, in the main unconvincingly, that the afterlife he predicts is really the same as that described by the great religions. Since his ostensibly science-based approach wipes away any moral framework, and asserts that theology is now part of physics, why does he bother? If his tale has any meaning, it is far removed from the meaning of any existing religions, which tend to offer counsel about how to live life now. All Tipler offers is a kind of general consolation. He

confesses at one point that he is unsure whether he believes it himself, though in most of the book he appears confident that it is true. He even wonders whether it matters to most people, suggesting that while we would prefer the assurance of eternal life, most of us seem to muddle along quite well without it.

The result is a book which will offend anyone who is serious about religion, and may mislead many who are not. Its argument rests on a huge edifice of contentious assumptions, most of them untestable. Once we had popular scientific authors like Edington, who argued with scrupulous care that modern cosmology had no implications for human conduct or destiny. Now we have Tipler, who tells us blithely in his introduction that physicists are an arrogant lot, and that he is as arrogant as they come. Amen to that.

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## A detached view of India

has developed an infuriating stylistic reliance on parentheses.

Take just one example of the quality of the analysis: discussing Mrs Gandhi's apparent courting of her death at the hands of the Sikhs, Mehta writes, "Even as she decided on her action, she must have heard the echoes of the murder in the cathedral... which had resonated in Western literature for eight centuries: she had probably read T.S. Eliot's play about the murder and perhaps seen the film based on Jean

Anouilh's play. People who saw her regularly in the later years of her rule said that after the death of Sanjay she seemed to lose her zest for living..." And perhaps this is tired stuff from a long-time exile.

Mehta's strongest, most eloquent theme is the rapid spread of "corruption and intimidation at every level of society", initiated under Sanjay, uncontrolled by Rajiv. To that he adds, in the aftermath of the destruction of the Ayodhya Mosque, a proper concern for the apparent retreat from India's guiding principle of secularism; he also makes the familiar complaint that India puts defence expenditure before development priorities. "One could argue, however, that Indians are resilient people..." How true.

J.D.F. Jones

## After the Big Crunch...

... comes life everlasting. But Jon Turney remains unconvinced

The Heat Death of the universe, the gloomiest prediction of 20th-century physics, was widely taken as bad news. The most famous reaction was Bertrand Russell's: "only on the firm foundation of unyielding despair can the soul's habitation henceforth be safely built."

Maybe, says Frank Tipler, an American mathematical physicist, but I don't have to believe it if I don't want to. His antidote to scientifically sanctioned despair runs roughly as follows. The laws of physics permit life to engulf the entire universe. As that universe collapses into a terminal Big Crunch - the Omega Point - life will have access to unlimited energy, permitting unlimited information processing.

This, in turn, will permit the recreation of all past beings, and their perpetuation for infinite subjective time. Switch into the biblical language which Tipler favours, and you have a prediction of resurrection and eternal life. All this, Tipler believes, is not only possible, but necessary. In order to survive, life must do all this. So it shall be done. Our new life, many billions of years in the future, is already assumed.

The basic proposal about life at the Omega Point remains much as Tipler and his British co-author John Barrow put it around ten years ago in the closing pages of their book, *The Anthropic Cosmological Principle*. Barrow, wisely, has gone on to other things. Tipler has plainly been worrying at these ideas ever since and has delivered a fat book attempting to justify this vision.

As before, he acknowledges the inspiration of J.D. Bernal and Freeman Dyson, but goes further than either. He insists his ideas are not fantasy, nor even speculation, but rigorous science. And he presents himself as a rationalist, atheistic physicist who has been

driven by his consideration of purely scientific reasoning to a vision of the end of the universe in which God is the solution to every question.

However, like anyone who theorises about the end of the universe, he is carrying hefty

metaphysical baggage. He certainly concedes that his is an extreme reductionist position. Human beings, he maintains, are nothing but information machines, whose software happens to run on an organic brain. His future universe will be colonised by our robot descendants, and our own life after death will be as computer emulations inside a device

a combative woman with a small child, challenges his right to visit his old home. "The Political Piano" shows a predatory producer trying to persuade a reclusive Czech composer to take part in a TV documentary which will probe his Nazi past. "Orr Mount", about a handyman called in to renovate a crumbling house on the cheap, documents the builder's slow realisation that the neglected home is more easily repairable than the dereliction of his employers' lives.

What the stories have in common, apart from their mainly Scottish settings and a feeling for landscape, is an unsentimental insistence on the importance of trivial, everyday events.

Only one story, "Native Heath", contains conventionally dramatic scenes: a fight on an isolated country road, the hijacking of a van, the return to his home town of a man wrongfully convicted of murder.

But it is characteristic of

Dunn's low-key approach that they are narrated unobtrusively, and in some recognition of the impossibility of remedy.

**BOYFRIENDS AND  
GIRLFRIENDS**  
by Douglas Dunn  
Faber £14.99, 272 pages

ing the terrible injustice that has been done.

The stories are not linked and their tone ranges from comic - especially in "Hazards

of the House", narrated by a cocky mouse which terrorises a middle-class couple in a bijou holiday cottage - to the elegiac sadness of lost love in "The Earl of Hell's Walscot".

What unifies them is Dunn's narrative skill, his unerring ear for dialogue and an ability to convey character in a few deft phrases which constantly brings to mind the fact that he is best known as a poet.

In that sense, *Boyfriends and Girlfriends* lends weight to the theory that the short story has

more in common with poetry than the novel. Like poetry, much is left out or has to be inferred, appealing to the reader's imagination in an unusual direct way. At the same time, Dunn is such a skilful stylist that the stories are easy to read, revealing their depths only as they linger in the memory.

The collection is almost cinematic in its method of swooping down on a small town or hamlet or an individual house - once, notably, on a decrepit commune which is all that remains of the once-thriving Cambridge Socialist Picnic Society. *Boyfriends and Girlfriends* is Dunn's second collection of short stories; tender, funny and assured, it makes the reader long for more.

Short stories/Joan Smith

## Small things mean a lot

Douglas Dunn's short stories are about people facing up to change, about apparently insignificant moments which alter lives. He constantly seeks out the shocks that reverberate beneath stillness, the profound shifts which take time to crack the surface of his characters' deceptively calm exteriors.

Many of the stories involve encounters with strangers who, far from offering comfort, reveal unexpected insights into the long-buried past. In "The Seven Farms", a successful doctor books into a country hotel next door to the farm cottage from which his family was evicted when he was a child. His adult confidence deserts him as soon as the new owner,

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## BOOKS



Art tarts: the de Koonings

Willem de Kooning was for many years the leading painter of the American Abstract Expressionist school, of which he was a founding father, renowned for the expressive energy of his brushwork and, paradoxically, for his subject matter - women as erotic symbol, fertility goddess, earth mother and fetish. His rival for the leadership, Jackson Pollock, abandoned the subject in favour of rhythmic drip and splash over vast acres of canvas that were never propped on easel, justifying the term Action Painting. But de Kooning's work, until the onset of Alzheimer's disease, retained references to landscape and the human figure and was far more European than American in feeling. It is true that the compositions based on the rearrangement of sections of torn drawings appear to be completely abstract, but even these, with his custom of sweeping and repeated revision of the painted surface, develop an overall coherence of sorts, a sense of pictorial space and atmosphere.

Few now dare to damn de Kooning as a charlatan, and even those who do so are compelled to acknowledge that he has been so promoted by critics, curators and the market place that he has become a major figure in the his-

**ELAINE AND BILL: THE LIVES OF WILLEM AND ELAINE DE KOONING**  
by Lee Hall

HarperCollins £16.99 340 pages

story of art since the last war - "The American Picasso" as his supporters put it, and indeed the man who set the standard for younger artists in the 1950s, deliberately challenging the supremacy of Picasso; after the death of Pollock in 1956 his preeminence as America's greatest living painter was beyond doubt.

The extent to which he deserves this title may be judged this month when the Tate Gallery mounts an exhibition of his paintings sent on from the National Gallery in Washington in the expectation of as much awe and adulation here. A biography of de Kooning and his wife, Elaine, by Lee Hall, the celebrated authoress of *Common Threads: A Parade of American Clothing*, is thus particularly timely. The well-qualified Miss Hall, the repellent familiarity of whose title may well have been imposed by her publishers, follows the tenor that it sets with what must have some claim to be the worst first chapter ever written for a serious biography, such an excess of pulp fiction gush as is not to be found even in Reader's Digest, as Bill and Elaine occupy "the epicentre of the art world", their relationship "a radioactive area... of sex, ambition, talent, intelligence and energy", their discovery of Abstract Expressionism pitting "the lonely and searching individual against the unknown first forces of the universe... in the role of voyager and seeker after truth."

Those looking to Miss Hall for a simple definition or clarification of Abstract Expressionism must search elsewhere, for with her "in the beginning of the art world was the



Before the fall: 'Spike's Folly II' (1960, oil on canvas) by Willem de Kooning - few now dare to damn him as a charlatan

## Spooning with de Kooning

Brian Sewell on a story of scandal, excess and overblown romance in the art world

word..." her exegesis is too lofty, and she supports the notion that art is art if an artist says it is. Her prime objective is a tale of tempestuous Mills and Boon romance degraded by drunkenness and sexual infidelities in their hundreds, ending in a scandal that must have the nabobs of the art market reaching for their smelling salts.

Elaine and Bill, "handsome exemplars of art-as-life-as-art," with Rothko, Pollock, Lee Krasner, Kline, Reinhardt, Smith and Gorky, occupied a casual night world of jazz, bars and cafés, of unscrupulous and self-seeking dealers, of curators who blindly followed critics, of critics as idiotic as Clement Greenberg with his declaration that Bill is a painter in the great tradition of Leonardo, Raphael and

Ingres, and a never-ending supply of pick-up "art tarts" of both sexes. Bill treated women as a cumbersome form of masturbation; well into her fifties Elaine had a voracious and active appetite for lusty younger men, but with art critics she slept in exchange for reviews that promoted Bill's reputation as a painter. Miss Hall describes all Bill's supporters as dedicated and informed, but for his detractors she employs the terms "Bible-choked" and "tobacco-spitting". In 1964 Bill represented the US at the Venice Biennale, and from then on momentum was enough to keep his reputation rolling and his wife's amateur activities as prostitute brought him no further benefit.

Elaine and Bill, both drunkards, then parted for some years - dates

are not of great importance to Miss Hall, but the period of separation seems to be 1967-1976 - and Elaine, a wretched painter in her own right, scratched as living as best she could, of her crotch-centred drawings of President Kennedy, Jackie Kennedy opined that she made him look "like a dog on the Riviera." Elaine rejoined Bill when he began "drifting on to the quicksand of sedition," and it is at this point that she revenged herself on the man who had so long eclipsed her. An old soak destroyed by alcohol, staring into space or talking drivel to his television set, de Kooning had for some unspecified time had assistants in his studio, and the most loyal of these Elaine dismissed, yet an exhibition in 1982 received the customary rave reviews; Alzheimer's, we were told,

does not affect the part of the brain that inspires painting, and de Kooning's dealer declared that the late paintings, as great as those of Turner and Rembrandt late in life, "are from the mind of a genius." Miss Hall, however, useful at last, leaves worms in the minds of those who persist to the end of her dual biography, with the hint that Bill's hand has for years been held, first by his chosen assistants, then perhaps by the conniving minions of art dealers, and above all by his wife. She died in 1990; he, a sad wreck, is still alive. Shall we ever be told the truth about not only the late work, but the later? It is a very thought that a blind art market may be paying its many millions for darts not by de Kooning, but by de Kooning's wife.

## Sense and insensibility

Raymond J. Dolan on the pathology of celebrity physicians

A number of years ago I attended a public lecture in London, given by Oliver Sacks. The topic was Neurology and the Soul and from his opening words, perhaps burdened by the very weight of the theme, Dr Sacks seemed to betray more than a tincture of anxiety. He admitted as much, explaining that he would have to improvise his lecture as his slides had been stolen from his hotel room.

All too aware that slides serve as an invaluable aide to frame a lecture, my identification with Sacks' dilemma was acute. Here was the stuff of anxiety dreams and the mere fact that he completed his lecture seemed an achievement in itself.

It was a dramatic moment, milked to full effect by a consummate showman. A sense of the dramatic is also evident in the tone and choice of material in Sacks' latest work.

The territory is similar to that of *The Man who Mistook his Wife for a Hat*. We are provided with accounts of seven subjects with unusual psychological problems ranging from an amnesic hippie, a painter with acquired colour blindness, a surgeon with Tourette's syndrome, and a series of subjects with varying degrees of autism invariably in combination with some dramatically hyper-trophied or exaggerated residual faculty.

The setting of *An Anthropologist on Mars* is not the clinic, since Sacks has, in his own words, "taken off my white coat and deserted the hospital... to explore my subjects' lives as they live in the real world, feeling in part like a naturalist, examining rare forms of life."

Many doctors may feel a pang of envy at the impunity with which Sacks discards his white coat for an exotic location or even a marathon Grateful Dead concert at Madison Square Garden.

He reminds us, however, that he is still primarily "a physician, called here and there to make house calls, house calls at the far border of experience". The careful choice of case material nevertheless suggests that Sacks is unavailable for any old house call.

His higher purpose is justified by reference on the one hand to Foucault, who refers to the impulse "to see the pathological world with the eyes of the patient himself", and to Father Brown, G.K. Chesterton's spiritual detective, who in an expression of dissatisfaction with the standard objective mode of science stated that "I don't try to get outside the man. I try to get inside".

A great disappointment of *An Anthropologist on Mars*, then, is that much of the descriptions bear the standard imprint of clinical case description with very little unmasking of the inner world of its subjects.

A consequence of a life spent in clinical practice may well be the psychic white coat that is

more difficult to discard than the standard hospital issue variety.

The personality of Sacks himself looms large across each page with his prodigious erudition laid bare for all to see in copious historical quotations and footnotes. These footnotes often catch the doctor with his defences down.

This is most revealing when he expresses an old-fashioned neurological ignorance and prejudice against psychiatry in relation to the use of major tranquilisers (the accepted mainstay treatment for the psychoses) which he likens quixotically to the scandal of psychosurgery.

Ultimately what unifies the material in *An Anthropologist on Mars* is that all the subjects display a fundamental defect, innate or acquired, of consciousness.

The amnesic hippie, apart from memories acquired up to the onset of his illness, is caught in a here-and-now one-minute time window. The surgeon with Tourette's Syn-

**AN ANTHROPOLOGIST ON MARS**

by Oliver Sacks

Picador £15.99, 336 pages

drome, in his everyday life burdened by unwillful intrusive motor movements, performs surgery with great skill and competence.

Despite devastating impairments, many of the patients have enduring assets and in the case of the autistic patients there are islands of extraordinary ability.

One example is that of Stephen Wiltshire who, despite having autism, has a prodigious talent for precision drawing from memory of complex scenes.

Undoubtedly, these cases illustrate that consciousness is not a unitary phenomenon and that components can be defective without a global impairment. But no new insights are brought to bear on the material, which lacks the fascination and wonder of much that can be found in mainstream contemporary cognitive neuroscience.

*An Anthropologist on Mars* must inevitably be seen in the context of an increasing preoccupation with human consciousness among scientists and philosophers. Discarding a century of inhibition on the matter, an exponentially increasing number are producing a *fin de siècle* publishing frenzy on the subject.

This collective wisdom has, as yet, not taken us much further down the road to understanding. It has, however, told us that scientists, despite a longstanding pretence to the contrary, are not entirely immune to the vanities of public limelight.

■ Raymond J. Dolan is a consultant psychiatrist and Wellcome Fellow in clinical science at the National Hospital for Neurology and Neurosurgery, London.

Charles Dilke has passed into history through scandal rather than through achievement. A central figure in a sensational divorce case, which hit the headlines in 1886, he found the road to power subsequently blocked to him. Yet he was not ruined. He was a rich man who served as a member of Parliament for most of the rest of his life and was deeply involved in political activities inside and outside Westminster.

Until his second wife, Emilia, died in 1890, Dilke was the model for George Eliot's Dorothea, died in 1904, he was sustained by ambition as well as by knowledge and experience. When he wrote his own memoir, which he did not publish, he headed it with an epigram from Ibsen's *John Gabriel Borkman*. "We are all of us run over, some time or other in life. The thing is to jump up again, and let no one know you are hurt."

David Nicholls chooses this as the last sentence of his heavily footnoted biography. The divorce case, to which Roy Jenkins devoted two-fifths of his own biography, *Charles Dilke: A Victorian Tragedy*, is handled crisply in two chapters in less than 40 pages. Significantly, the chapter

## Radical thoughts of a misjudged man

Asa Briggs reflects on the career of Charles Dilke

immediately preceding these is called "Things Fall Apart". Nicholls, who seeks to deal with the whole case history of Dilke and not just with the divorce case, best describes his own approach in his final summary: "the time has come to redress the balance, to restore Dilke's achievements as a reformer, and to remember him for his radicalism rather than for his private misfortune that has blighted his reputation for over a century."

As "the most Independent Man in the House of Commons", he advanced the cause of "social radicalism" during the 1890s and the Edwardian years, taking account of the political and social demands both of women and of trade unionists and urging greater governmental intervention on social issues.

Dilke was also a prolific author. His book *Greater Britain*, which was published in 1899, points to most of his future interests. "It is a long time since any book connected with practical politics has been published", John Stuart Mill told him, "in which I build

such high hopes of the future usefulness and distinctiveness of the writer."

Dilke at least lived up to the hopes expressed in his youth by a radical whom he greatly admired. Yet he never wrote the history of radicalism for which he had been preparing notes before he set out on his travels around Greater Britain. Had he done so, we would have

**THE LOST PRIME MINISTER: A LIFE OF SIR CHARLES DILKE**  
by David Nicholls

Hambledon Press £25, 386 pages

been offered a seminal text. The brief and highly selective history of radicalism set out in David Nicholls's introduction is no substitute.

The most interesting sections of the book concern "practical politics". The correspondence between Dilke and Joseph Chamberlain at the height of their personal and political alliance should be read by all politicians. "Astute Machiavellianism" is a phrase in one of Chamberlain's letters. The unfolding relationship of both men with Gladstone - and of Gladstone with them - raises points about politics in a context that is far more reveal-

ing than any account of politics in the abstract with personalities left out could ever be. So, too, indeed, does the story of the relationship of each of them to the Queen.

Chamberlain, not Dilke, chose the best phrases. Yet Dilke had qualities which Chamberlain lacked. Ultimately their differences became irreconcilable, and their careers which had hitherto converged now moved in entirely different directions.

At no time were the politics "pure" nor the candour complete. Elements of intrigue, of evasion and of conspiracy were often uppermost. More political tricks were known than now. There were confessions also, however, and public and private could seldom be kept completely apart. Friends and opponents could draw their own conclusions. Lord Derby, for instance, noted that both Dilke and Chamberlain were the only members of the middle class in Gladstone's cabinet and that "the social faction [sic] which a man holds is apt to affect his conduct more than the opinions which he supposes himself to hold".

The sections that attempt to relate the political history of the period - largely through class - to the economic and

social history of the country are disappointing. There was not one long "economic depression" in the background as David Nicholls suggests. Nor can the middle classes be treated in generic fashion.

The heaviness of the language in these sections contrasts with the lustre of language in much of the contemporary political correspondence. Quotes from the press are sparing. Little use is made of just what "the papers said", although even headlines tell their own story. The view from Fleet Street was already different from the view from Westminster or Chelsea, where Dilke lived.

Dilke is said to have been reading *Blue Books*, not newspapers, on his deathbed, and he was always more drawn to detail than to headlines.

Yet he was afraid of being misjudged. In preparing the first two-volume *Life of Dilke* his niece Gertrude Tuckwell and Stephen Gwynn, aware of the dangers of detail, not only censored much of the material, "leaving out the beds", but destroyed essential primary sources which were in their possession. Sadly Dilke himself had done the same, extending the practice to cover totally unrelated, inherited letters concerned with John Keats's relationship with Fanny Brawne. The arrogance that from the start was his least attractive characteristic was to carry over into posterity. There were more secrets at 76 Sloane Street, Chelsea, than there were at Joseph Chamberlain's Highbury, and David Nicholls has had to be a detective as well as an historian.

## Backlash on prudery

Britain and France had much more in common after 1870 than has since met the eye. France had just been defeated in a lightning war by Prussia. Britain was at the height of its industrial and imperial power. Yet the French recovered very quickly and towards the end of the century it was the British who were going through a fit of depression, fearful of the mounting competition from abroad.

The exchanges between the two countries remained very strong. Witness, for example, the current exhibition at the Barbican, *Impressionism in Britain*, which coincides with the publication of *Passionate Attitudes*, subtitled a study of "the English decadence of the 1890s", by Matthew Sturgis. The exhibition shows French painters coming to Britain almost as much as the other way round. In literature, however, the British took their decadence from France.

There may be a lot to be said here about how politics, economics and culture overlap. Sturgis touches on the subject briefly when he suggests that in Britain there was a fashionable intellectual reaction against progress, and in favour of decadence, largely because the Victorian era had lasted so long.

It is a great pity, however, that historians and literary critics tend to write in separate compartments. This

promising initial theme is not pursued, and what we have instead is mainly a book of anecdotes. As such, *Passionate Attitudes* is highly enjoyable.

Take the story of Paul Verlaine, the French poet, being invited to England as kind of showpiece of modern French work. For a day or two in London and Oxford he was on his best behaviour, reading his verse to English admirers, though a critic noted that the scene was so English it was like "Satan in a frock-coat". Then Verlaine blew his

**PASSIONATE ATTITUDES: THE DECADENCE OF THE NINETEEN NINETIES**  
by Matthew Sturgis

Macmillan £20, 320 pages

entire earnings on a bout of drinking. There had to be an extra performance in Manchester to make up the deficit, and the poet was not given his fee until he was safely put on the boat train back to Paris. So much for English decadence!

Even when the English tried very hard to be naughty, they were usually in a minority. There was always the stern conservatism of *Punch* to keep them in check. The magazine renamed the artist, Aubrey Beardsley as Daubaway Weirdeley. It mocked the English admirers of the emerging playwright, Henrik Ibsen, with an "ABC of

Ibsenism" and "Mr Punch's Focket Ibsen". A *Punch* linerick on one of his plays began: "There was a young female from Norway/Who fancied herself in a poor way."

Oscar Wilde, as Sturgis rightly observes, was regarded as a special case. He belonged to no particular school or movement and became a decadent of his own accord. Even his homosexuality came relatively late in his life. Yet when he strayed too far, there was a conservative establishment ready to turn on him. The Marquis of Queensberry, who led the attack, received an astonishing amount of support from clubland and the city.

In the end, however, there may have been a certain amount of remorse for the way Wilde was treated. When he came out of prison and *The Ballad of Reading Gaol*, the poem about his experience, was printed, there was much public interest - so much so that Wilde complained that the critics did not seem to understand that it was "not altogether a pamphlet on prison reform".

Wilde died shortly afterwards - in 1900. The brief period of English decadence was already over. Still, Wilde left more of a mark with his wit than with debauchery.

Malcolm Rutherford

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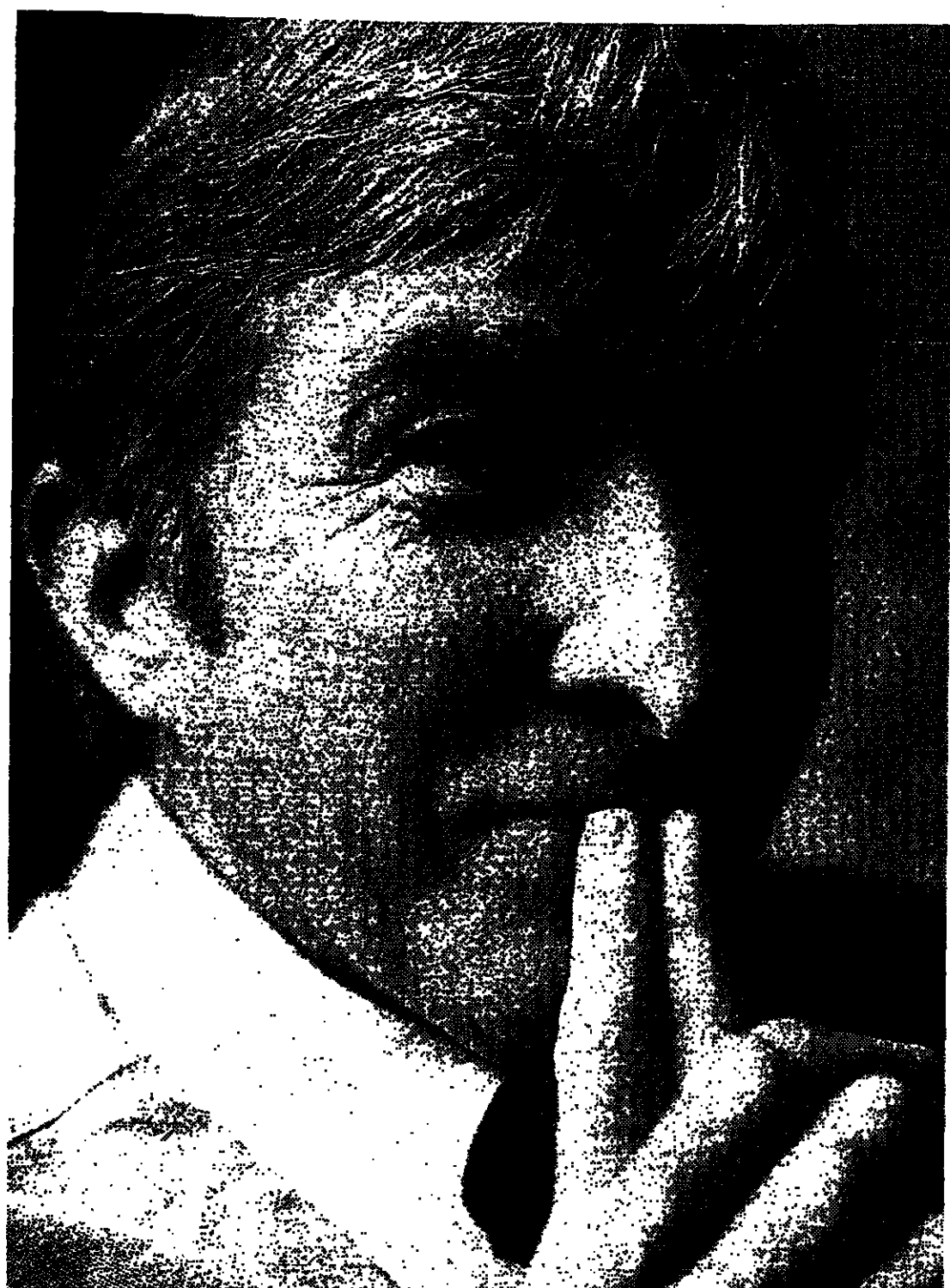
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BOOKS/ARTS

# Updike's intimations of mortality

Even as he contemplates a dying light, John Updike's late work will continue to delight us with the miraculous lacquer of his prose, writes Ian McEwan



John Updike: his intensity has brought us writing of a seemingly effortless precocity

Mortality and all its intricacies have been richly troubling John Updike for many years. His high school basketball hero Rabbit Angstrom was already sensing physical decline in his twenties. Early marriage and the loss of a child seemed to be closing down his life. Four decades later, in the last volume of the tetralogy, Rabbit's route to oblivion, via junk food and terrifying American plenitude, a high-tech heart disease, one final sexual transgression (with his daughter-in-law), one last flight behind the wheel of his car, one last jump at the basketball net on a parking lot had the air of a triumph. But then Rabbit, perhaps like his creator, had been rehearsing all his life.

In his essay *On Being a Self* For ever, this scientifically literate novelist offered himself only the mildest consolation of a reasonable, hesitant religious persuasion. The yearning for an afterlife, he wrote, springs from "love and praise for the world that we are privileged, in this complex interval of light, to witness and experience". Our faith in an afterlife, "however much our reason ridicules it, very modestly extends our faith that each moment of our consciousness will be followed by another - that a coherent matrix has been prepared for this precious self of ours."

Updike's fine new collection of stories is a celebration of this faith. Much fascinating narrative tension, and much writerly intensity, is derived from precisely the way this "love and praise" sits beside despair in the face of extinction.

Egglestons have settled in Norfolk and after a three year interval their friends the Billingses visit. On his first night Carter Billings falls down a short flight of stairs, receiving a thump in his chest and a jolt to his being. The following day Carter accompanies the two women on a drive round storm-lashed Norfolk and everywhere, and perhaps too often, there are visible and subtextual *memento mori* - a heron is seen, like an angel; an array of pylons also suggests angels; Carter himself feels lighter, as though he had grown wings; a tree crashes down across the road, failing to crush the Americans; a torn tree stump is "pointing at the heavens".

Despite this deathly ambience Carter's mood remains "supernaturally serene". The crack on the chest has subliminally informed him that his complex interval of light is nearing its end and he has become transcendent in his acceptance. His perceptions are all love and praise: "A miraculous lacquer lay upon everything, heading each roadside twig, each reed of thatch in the cottage roofs..." The afterlife, it is being suggested here and in other stories in this collection, has already begun, the term being generously redefined to include the Third Age. Life itself was struggle and advancement - sex, marriages, children, careers, adulteries - but Carter, his wife and their friends "were beyond all that now".

The *Afterlife* may not be the most successful story in the collection, but it is certainly close to its author's heart in what might well become the calmer, almost post-sexual phase of his maturity.

way of the intensity of his regard, the miraculous lacquer of his prose. For decades the everyday hyper-space of sex, the experience itself and the delirium of betrayal, provided it. Religion did too, and science, and the eerie protean absorption in other people's expertise, and in general "simple awe, gratitude or dismay in the face of creation" - sentiments he once harshly chided our home-grown Kingsley Amis for omitting from his prose.

At its best Updike's intensity has brought us writing of a seemingly effortless precocity; smiles startling and true, routinely brilliant adjective-noun couplings, and sentence rhythms fine-tuned to a poet's ear.

## THE AFTERLIFE by John Updike

Hamish Hamilton £14.99, 316 pages

All too often the cry goes up that he is too good for his own good, that his pages are so cluttered with felicities that his novels lack the saving dullness whereby an author may bend his hero to tie his bootlaces without surrendering to "the demons of language". This is grudging criticism implying a dim, or dire, aesthetic of the novel. But its frequency suggests that the common ground for Updike's detractors and admirers must be the short story, a form in which miraculous lacquer never comes amiss, a form of which Updike is surely a master. A collection of stories written over a period of time tends, if it has any unity at all, towards cumulative meaning interestingly beyond the writer's conscious intention. It is hard, after all, to control the pattern of one's thoughts. *The Afterlife*, however, seems remarkably focused and deliberate. Perhaps after re-cap-

itulating a lifetime's tumescence in the recent coital arabesques of *Memories of the Ford Administration* and *Brazil*, Updike is carefully preparing his new ground. Consistently the ill or dead cast light, though not always happiness, into the lives of the living. Or the living, numbering their days, find illumination themselves.

In the story *Wildlife*, a man returns to the home of his former marriage in a desolate part of New England and, finding on his grown-up son the mark of a disease brought in by wild deer, is blasphemously glad that he got out in time. A similar man - they tend to be sixty-ish, Updike's age - regularly attends a woman who is dying of cancer. She is an old college friend of his ex-wife, and the modest illumination she provides is the understanding that it is not concern or duty that prompts his visits, but voyeurism: he wants to hear about his ex, and re-live the days of his marriage. In *The Man who Became a Soprano*, Updike wittily details the decline and death of a recorder group - the frailest of human societies - with his usual godly grasp of technicalities.

As a whole the collection is as a well-planned novel, rich and tasty in its accumulated wisdom, like a vintage port. Many writers have made hay out of the prospect of extinction. Some rage, others are glumly funny. Like Philip Larkin, with whom he shares very little else, Updike has a taste for the epiphany to relieve the gloom. *The Afterlife* suggests that mortality is about to contain and subsume all his other concerns - the physicality and the metaphysics, the awe and the despair - and that late Updike will delight us even as he raises to our view the grinning skull.

# More than just beautiful notes

Andrew Clark talks to Simone Young, a conductor who does not play safe

She has feminine charm, she knows what she wants without being pushy, and she is enjoying a bigger international career than any other woman conductor. Her name is Simone Young, and she conducts this month's revival of *La bohème* at Covent Garden.

Young, a 38-year-old Australian, received excellent notices after her Royal Opera debut a year ago. She made an even bigger splash in 1993 when she became the first woman conductor at the Vienna State Opera. She is now much in demand. Forthcoming engagements include a Schubert concert at the Maggio Musicale in Florence, *Aida* at Sydney in July and *Tosca* at Covent Garden in the autumn - plus her Metropolitan Opera debut in New York.

It looks like Young has well-earned arrived - but not without ruffling a few male feathers on the way. "They gave her a tough time at first because they weren't used to taking orders from a woman", says a colleague at the State Opera in Berlin, where Young has been based for the past two years. "A lot of musicians won't give a woman a second chance, the way they would a man. But she's got the right stuff in her - she's not put off by sniping."

Quite the opposite: after her Covent Garden debut, some members of the orchestra described her

as excessively cool. "It's hard for a woman conductor, because she always has a point to prove", said a member of the Royal Opera's music staff. "If she shows any sign of weakness, they'll say she's not up to it. If she comes over too strong, she's got a chip on her shoulder. She won't make it to the top without collecting a few enemies on the way."

Young says a small percentage of orchestral musicians always finds fault with the conductor - "too pleasant, too gruff, too tall, or in my case, the fact that I'm a woman. Some just don't like figures of authority. It doesn't concern me in the slightest - it's their problem, not mine. I hope I've established the kind of reputation which shows the 'woman issue' no longer applies to me. But you still come across managements who think it's risky employing a woman conductor. At Covent Garden, it was refreshing to find that for once, I wasn't the first."

No-one questions Young's technical expertise. Colleagues say she digests new scores quickly, handles big occasions with ease and has firm control of complex music. That has been the secret of her success. It explains why Daniel Barenboim was so impressed when he first heard her as a répétiteur at the Bayreuth Festival. He invited her to join his staff at the Berlin State Opera, where her repertoire now

covers all the big Wagner and Strauss operas. The Barenboim imprimatur has been useful in other ways - opening doors within the profession and allowing her to rehearse works like *Wozzeck* and *Tristan* with first-rate casts. She grew up in a non-musical family in Sydney. "We didn't have a record-player but we did have a piano. It was good for me because I had to make the sounds myself. The

**The most damning comment would be "What a 'nice' performance!"**

deal with my parents was that as soon as I stopped practising, the piano would be sold."

The piano stayed. She was in her early teens when she heard her first Verdi - *Simon Boccanegra*. She was hooked. By the time she was 22, she was a répétiteur at the Sydney Opera House. She made her conducting debut two years later, and won a bursary to study in Europe at the end of which she took a job on the bottom rung of the music staff at the Cologne Opera.

"I knew when I came from Aus-

tralia that I had to go one step back in order to take two steps forward. But once I had established myself in Cologne, I was ready to take whatever opportunities came my way. The German system of *nachrichtigen* - taking over performances which have been rehearsed by someone else - gives you a good foundation. It's something you can only do when you're young, because once you become better known, you can't afford to take those risks."

Her first big break came in October 1992. Harry Kupfer had observed her work in Cologne, and asked her to conduct *La bohème* at the Komische Oper in Berlin. "This is how conductors are auditioned in Germany - you're initially invited for just one performance, with minimal rehearsal. But it's a good test. At the end of the performance, Harry asked what else I'd like to do there."

She ended up conducting a new Kupfer production of Rimsky-Korsakov's *Tsar Saltan*. The high-powered atmosphere in Berlin has dissuaded her from accepting invitations to become music director in a smaller city. But her apprenticeship there is reaching a natural end, and she expects to become a full-time freelance next year.

The decision is not just a career move - she also has a family to think about. She and her husband Greg, a language teacher, are cur-



Simone Young: "I want the audience to go out with strong feelings"

rently house-hunting in the London area, which they see as the most practical base for her travels. When they married, she was the student and he the breadwinner. Now their roles are reversed: he has been taking a degree course in European literature while looking after their seven-year-old daughter, Yvanna. They try to limit periods of separation to a maximum of two weeks, "but it's not easy. Yvanna can be a bit clingy the night before I leave for a foreign engagement. Opera houses are getting used to receiving

lots of drawings by fax - it's one way for her to keep in touch."

Young has learned to value the distinction between the various companies she conducts. Working with the all-male Vienna Philharmonic, for example, was "like driving a Rolls Royce - I wanted to send everyone else home and just play with this new toy. But I'm still very much on trial there." The Komische Oper is like a family, "one of the last real ensemble houses, where the chorus gives 150 per cent every time". The Berlin

Staatskapelle is the only orchestra she knows which is always seated and ready before the start of a rehearsal. "It stems from years of working under the communist system, and the whole tradition of the German Romantic repertoire."

Her experience of the Bastille orchestra in Paris was chaotic - "especially when you come from the discipline of an east German orchestra. But there's a French vivaciousness that translates into their playing." At Covent Garden she values the sense of humour and the opportunity to speak English. Wherever she goes, she will only conduct repertoire in which she knows the vocal parts from memory. "Especially in Italian opera, there's so much in the text you can carry over into the articulation of the string parts. It's important for getting a synthesis of stage and orchestra."

Those are the words of a true theatre conductor - one who, like her mentors Barenboim and Kupfer, seeks to share in the music that justifies the title of conductor. "I'd rather have half a dozen bars out of synch and the rest of the evening fresh, expressive and passionate, than conduct a neat, tidy, uninteresting performance. I don't play safe - otherwise you never have a chance to develop a personality. If the music doesn't say something to the audience, why are you doing it? I want them to go out with strong feelings - it doesn't matter whether they love or hate it. The most damning comment would be 'What a nice performance!'"

*La bohème* opens at the Royal Opera House, Covent Garden, on February 10.

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## Opera in New York/Andrew Clark Boccanegra at the Met

colleagues. No, simply by concentrating his resources on a relatively light role, Domingo emerged as an exemplary Gabriele. He announced himself with a rapturous off-stage serenade and set the evening alight with his Act 2 aria of jealousy and despair, thereby shifting the work's dramatic pivot from the council chamber scene to the more intimate machinations which follow.

Elsewhere, he proved a model of discretion, blending subtly and distinctively into the ensembles. The ardent lyricism of the vocal writing plays to Domingo's strengths, bringing out the liquid beauty of his timbre and encouraging him to sing with a freshness reminiscent of his early recital discs.

Visually, too, he came over well. There was little of the all-purpose Domingo-as-Domingo which has characterised his operatic work of late. His carriage may no longer be upright, his legs not so agile,

but he moved with sufficient dramatic urgency to bring the impetuous young nobleman to life.

Otherwise, the performance was everything one expects of the Met - a high level of vocal competence within a setting of monumental realism, unimpaired by blocked and dramatically inert. This was partly the conductor's fault. To his credit, James Levine has turned the Met orchestra into the instrumental equivalent of a five-star hotel, giving a plush velvet quality to the score. But it was all too controlled, too evenly paced. The music needs to sound more spontaneous if its sense of drama and conflicting emotion is to come through. Levine gave us a performance for the recording studio: it failed to ignite, still less touch the heart.

His approach might have worked better in the context of a powerful staging. What Giancarlo del Monaco and his designer, Michael Scott, offered

was the authenticity of reproduction. The sets looked good enough to weather centuries of rush-hour recitals in the palace: a sunny red-brick garden scene for the Grimaldi palace; a copy of the surviving senate room in Venice for the Genoese council chamber.

Within these parameters the conventions of grand opera were dutifully observed, right down to some painfully arch crowd scenes: can no-one get the Met chorus to act? For the finale, we were back in the council chamber - doubtless because the set, with its marble floors and murals, was deemed too audience-pleasing (and expensive) to discard after one scene. It looked out of place, and there was never a sniff of the sea.

Vladimir Chernov's *Boccanegra* made a modest impression. The voice is pleasant enough without possessing much warmth or power. He looked virile and temperamental, and brought a Boris-like mood of desperation to his death scene. But overall, his performance lacked authority.

After the late cancellation of Cheryl Studer (who seems to be undergoing a career crisis), Kiri Te Kanawa stepped in to sing Amelia. It remains one of her happiest roles, for she still looks and sounds 25 years young. And Robert Lloyd gave Fiesco an aura of immense patriarchal dignity.

A recent innovation at the Wigmore Hall has been the introduction of rush-hour recitals. Each Wednesday a one-hour programme is on offer at 6pm. Office-workers have the choice of catching it either at the hall itself, where there is an authentic rush-hour crush for seats, or on the way home in a more conventional traffic jam on the M25, since BBC Radio 3 is relaying the recitals live.

## Recitals/Richard Fairman Wigmore rush hour

Schubert suffered from intermittent flat notes; but once the vocal cords were oiled, the recital was up and away.

In the foyer a record company display advertised the release of some of the singer's early recordings (highly recommended). It would be idle to pretend that some of the bloom has not faded since they were made in the 1970s, but the marvel is how much beauty there still is in this voice. In two songs - Mendelssohn's "Erster Verlust" and Schumann's "Lied der Suleika" - the singing was as pure as new. With help from Thomas Dewey's strongly-characterised accompaniments the Schumann songs at the end projected a near-Wagnerian grandeur, heard in attentive silence. At the Wigmore Hall the rush hour can be a haven of peace.

After an interval of a further hour the hall re-opens for the evening recital at 8pm. The Nash Ensemble is in its 30th anniversary season this year and has been marking the occasion by returning to its favourite huntingground, the 19th and early 20th-century French repertoire where com-

less delights roam unnoticed by other ensembles. For this fifth programme in their series called "A golden age of Parisian music" they unearthed Caplet's *Conte fantastique*. This was written in the wake of French enthusiasm for Edgar Allan Poe and takes the form of a musical narrative that makes up in heated climaxes and effects (like the

harpist knocking on his harp with his fist) what it lacks in logic. The Nash Ensemble players were on home ground, completing the programme with Saint-Saëns, Debussy and Fauré. The next concert in the series will feature Olaf Baer deserting his usual German territory to join them in songs by Ravel.

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## ARTS



A new acquisition shown off in the re-hang: 'Colonel Mordant's Cock Match', by Zoffany

## The Tate dusts down its works

The Tate is both guardian of the past and monitor of the present and, with this sixth re-hang now on show, more of the gallery's rich accumulation is dusted down and brought to light.

Nicholas Serota's policy over the last six years has enabled unfashionable schools to be re-examined and resurrected, accepted judgments questioned, new acquisitions put in their proper place and new contexts found for the familiar and acknowledged.

The chief beneficiary has been the British collection, not so much its earlier periods - the 16th, 17th and 18th centuries - which were always treated well, as the 19th century through to the earlier modern period, that before was tucked away in far corners, if shown at all. Now the High Victorian Academy, from Burne-Jones to Sargent

- who each have an end wall to themselves - is given Room 9, one of the finest galleries in the whole place. Burne-Jones and Sargent admittedly have international reputations, but how well the rest stand up to them, Watts and Leighton, Farquharson and Fred Walker. Also the one Victorian school acknowledged internationally, but not seen for decades, is now at the very heart of the Tate - the pre-Raphaelites, with Millais' 'Carpenter's Shop' in pride of place.

Another constant of the new policy is the direct integration of British with foreign work. Thus Post-Impressionists Gauguin and Van Gogh, Wilson Steer and Roderick O'Connor are gathered together; we find Leger, Helion, Nash and Wadsworth hung as a coherent group, and Tristram Hillier beside Magritte. Edwardian figuration in

touch with Paris are represented by Gwen John, Nicholson, Rothenstein and Orphen.

The Hillier, an interior more meta-physical than surreal, is a new acquisition, one of many to confront the enduring canon that the Tate is only interested in sticks and bricks: Zoffany's terrific 'Colonel Mordant's Cock Match' against the Nawab of Oudh, and Alfred Wallis' 'Wreck of the Albatross'.

Allegorical figuration of the 1920s is represented by Beckmann's 'Carnaval' beside Dod Procter's monumentally drowsy 'Morning'. Stanley Spencer's vast 'Cookham Resurrection', Gertrude's 'Queen of Sheba', and three splendid fictions of the British School at Rome, circa 1920, by Monington, Colin Gill and Winifred Knights; figuration of the 1950s by Bal-

thus, Helion and Lucian Freud, Spencer, Minton and Giacometti, Norman Blamey at Mass, Jack Smith at the Kitchen Sink and Ghisla Koenig on the Factory Floor.

The last few rooms give us Pop-Art and minimalism of the 1960s and latter-day expressionism with Ganson and Baselitz, Pollock and Marden. And in the great Duveen Sculpture Halls the 1950s figurative sculpture at one end - Moore, Greco and Caro, Giacometti and Paolozzi - is opposite that of the late 19th century - Rodin and Thorneycroft, Alfred Gilbert and Renoir - which is where we came in.

William Packer

New Displays 1995: the Tate Gallery, Millbank SW1; sponsored by British Petroleum since 1990.

## Marriage of art and craft

Paula Davies on the work of Rie and Coper currently in New York

Unless a pot is a thousand years old it is seldom regarded as a work of art. But a current exhibition at the Metropolitan Museum in New York is likely to overturn this view.

The museum is celebrating the art of two 20th century British potters - Lucie Rie and Hans Coper - with an exhibition of some 80 pieces.

The display, in the museum's department of 20th century art, exemplifies the art as much as the craft of ceramics. A gauze screen separates the work of the two artists in a way which enhances both, linked as they are by a bronze head of Rie by Coper. It was he who started as a novice in her studio in 1946, became her collaborator and, even after he left to pursue his

own vision, remained a lifelong friend. The head is a remarkable evocation of the redoubtable Lucie who - even at 92 years old - remains refreshingly untouched by her fame. "What do you mean - my pots are becoming valuable?" she has said. "It doesn't matter if they break - they are only pots."

She did not really mean it, of course and, unlike Hans Coper who died in 1981, she has lived to see her work become internationally recognised and increasingly collected. Inevitably, too, it has become much more expensive to buy. In just over 10 years a small, decorative bowl bought in an art gallery for £60 could now fetch more than £2,000 at auction.

Even the coffee services which she and Coper made for shops like Liberty's are now expected to fetch between £2,000 and £3,000. A teapot made £4,000 at auction in December when it was expected to fetch between £900 and £1,400.

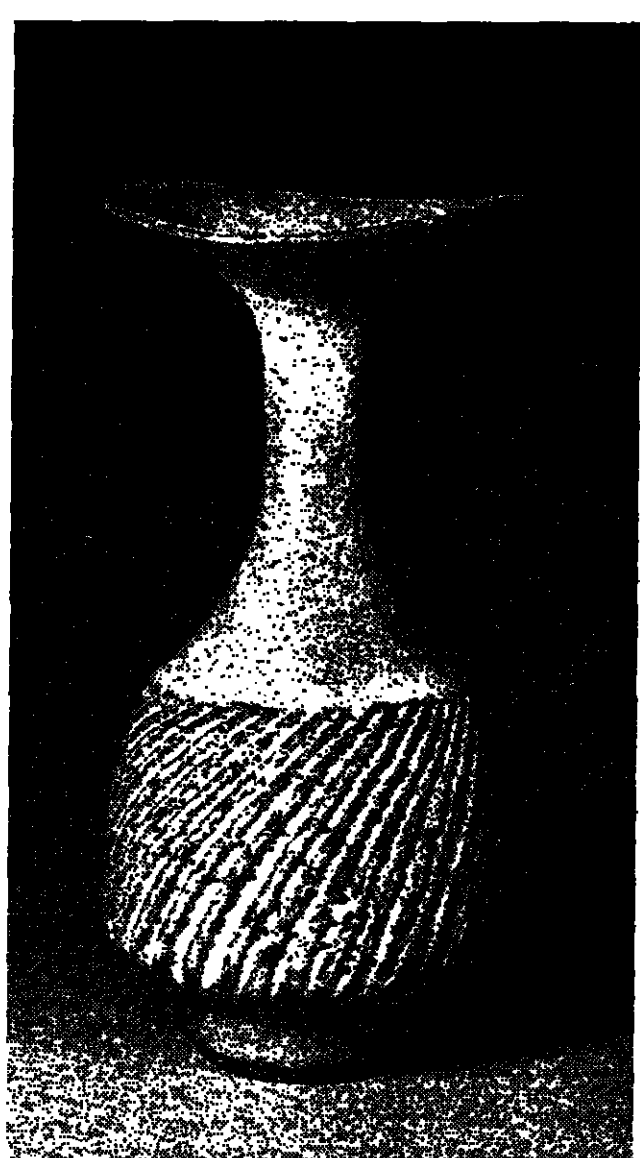
The prices of Coper's more sculptural work have gone into the stratosphere. At the same auction at Bonhams one of his Cycladic forms fetched £18,000 while a six-inch spade form vase was bought for £15,000.

Both Rie and Coper always insisted that they were potters first and last. But Cyril Frankel, head of the ceramics department of Bonhams and long-time supporter of both artists, argues: "to me it is not a question of the medium an artist uses as to whether it is art or craft. It is the quality of the individual maker that matters. Pots they may have called them, but art is what they are."

The dichotomy between fine art and the decorative arts has always seemed invidious and nowhere more so than in this superb exhibition of pieces that are as beautiful as they are useful.

Lucie once described Hans Coper's work as "explosive", which for such simple sculptural lines seems a strange description. Then you begin to see what she means when she adds, "It is because they have so much in them."

Certainly his unique forms have a commanding presence even when as small in scale as six inches. Her own work, although more conventional and colourful, has a similar strength and cleanliness of line that brings to mind the powerful simplicity of Minoan pottery. The work is virtually



A stoneware vase made by Lucie Rie, c.1976

impossible to describe - it has to be seen and experienced, but as one collector remarked - "Those pots, they speak to you."

Cyril Frankel believes that, as we approach the millennium and look back on the art of the second half of the 20th century, Lucie Rie and Hans Coper will be spoken of in the same breath as Henry Moore and Francis Bacon as Britain's major contributors to the world of art.

Lucie Rie/Hans Coper: Masterworks by Two British Potters continues at the Metropolitan Museum, New York until May 21, 1995.

Chess No 1090: 1... Rf3 2 Rf3 Qg5! wins at least the bishop.

Television/Christopher Dunkley  
Age of information

Channel 4's three part series on the future of information technology, *Visions of Heaven and Hell*, which began on Tuesday is both fascinating and deeply irritating vital and yet in some important respects almost useless. Television should, of course, be doing far more to investigate and explain the Internet, cyberspace, and the huge question - lying at the heart of this series - of the social effects which may flow from the information revolution. Since it sets out to address precisely these matters the series deserves applause. But instead as it wastes, spoils, or simply obscures so much of its (I suspect mostly admirable) raw material it deserves censure.

Given how ludicrously wrong mankind has been in the past in predicting both the future of technology and its likely effects, this series cannot be entirely blamed for adopting an ambivalent tone with, perhaps, more optimism in Episode 1 - "We will be able to take control of our evolutionary destiny" - and more pessimism in Episode 3 - "At this moment when we are telling ourselves that technology can bring us together it is technology that is driving us more hopelessly apart". It can, however, be blamed for not starting by explaining more about the nitty gritty.

What exactly is the Internet? What do its users get from it? Virtually the only concrete example given here is of a man who was excited by Internet details about anal sex, pro-

posed an experiment to his wife, was rejected, made the same proposal to his wife's best friend, was accepted, and returned to the Internet to announce that the supplier of the original details had changed his life. For this we need a multi-billion dollar international computer network? True, there are examples of people who have bought a modem and an old rector and taken their business home with them... the usual examples, virtually all people who were working in IT industries anyway. Not many grocers, airline pilots or plumbers seem to be pulling off the trick.

The series is fascinating because it brings together hints of various possibilities, none of them entirely novel, but usually seen only individually: the wired city exemplified by Singapore with electronic road charging and Big Brother overtones; the office with no personal desks or files, only common work stations (one of those ideas like open plan offices and high rise flats which the designers would never tolerate for themselves); and of course virtual reality. It is vital because we should be thinking about these matters, any one of which could change a great many lives quite soon. But it is deeply irritating because it frequently resorts to stop-motion photography of traffic and crowds as wallpaper footage, and because the words of the interviewees - including such impressive people as Bill Gates of Microsoft, physics

guru Stephen Hawking, and a writer named Charles Handy through whom this entire series might usefully have been channelled since he has such a clear and comprehensible overview of the entire subject - are mostly overlaid with monotonous and distracting *Koyaanisqatsi*-style music.

Worse, far worse, is the pretentiously rhetorical commentary which is delivered by someone who sounds like a female zombie, in a key style, close to that of religious litany. There are continual references to what "we" feel: "We yearn for a vision... for years we have judged the machine more as an enemy than an ally... we feel we have lost simple human contact". We on the old green sofa shout "Speak for your sorry self!"

Furthermore the script falls repeatedly into what Ruskin rightly ridiculed as "the pathetic fallacy": the imputing of human characteristics to inanimate objects. "We've connected those lonely terminals together... information has a yearning, a yearning to be released" and, worse, in defining what the producers see as the new apartheid: "Those that seize technology and those - 'we are expecting the words' - 'that don't', but the script says 'those that it ignores'".

So in the end, the age old division between haves and have-nots, which will, of course, continue into the information age, becomes, according to the producers of *Visions of Heaven and Hell*, the fault of the machinery.

Radio/Martin Hoyle

## Dramatic delicacy

It seems a long time since I heard, as a child, my first *Hedda Gabler* on the Light Programme. These days you do not get much *Hedda* on Radio 2. But then you get some oddly allocated drama on BBC radio altogether, what with Alan Ayckbourn on Radio 3. I never Ayckbourn this side of idiosyncrasy but feel ambivalent about snapping him up with resources ideally employed on worthy minority efforts - at the National Theatre as much as on Radio 3 - when Ayckbourn can well take care of himself in a more commercial context.

This is not to say that everything on Radio 3 must be high art. There is a place for the rediscovery of *petits matines*, or indeed those who were not matines at all. Last Sunday's production of Pinero's *The Amazons* proved a case in point: one of the more obscure comedies by a text-book name in the history of British theatre, a work probably not considered strong enough to revive commercially but a delight when treated with affection as in Nandita Ghose's production from Manchester.

The plot is not one of Pinero's strongest, but it postulates a dramatic situation of almost Gilbertian absurdity. Lady Castlejordan has brought up her three daughters to be as like men as possible, referring to them as Tommy, Billy and Noel - "Lady Noelme!" queries the vicar. "From your point of view," she concedes coldly. The girls address one another as "boys" and "old man" and "used to tattoo each other on wet days". Billy (Lady Wilhelmina) is afraid of letting the side down through an emerging effeminacy. You can guess love is in the air.

It could easily have been a patronising lampoon on feminism, showing the silly little things the error of their ways and sending them into the protective masculine arms. But Pinero mocks male philosophy, the desire to win, the assumption that man is the hunter and woman the prey; and

underlines it by making two of the suitors figures of rather charming fun: a flowery Frenchman who believes he is completely angelised, and an aristocratic homunculus whom Richard Pearce actually made sound tiny with exquisite needle-point diction. The men are clueless, the women capable, and to our ears there are moments of sexual ambiguity (possibly not intended in the original) that would not be out of place in *As You Like It*. It needs a delicate touch to avoid coarseness and camp. It received it here and gave much pleasure.

The following night's dramatic offering took a great deal less with it. *Private Lives* was clobbered by Stephen Fry's inability to sound like anything but an avuncular Oxbridge don of determinedly celibate tendencies. Noel Coward's glacially smiling chronicle of an *amour fou* between two divorcees who desert their new partners looks at first glance an odd chance for Radio 4's "Romance"

season. The Master was certainly an old softy at heart, but it comes out in *Cavalcade*. *This Happy Breed* and *Still Life* (which would become *Brief Encounter*), not in the amiably heartless verbal and emotional ping-pong of *Private Lives* or *Hay Fever*. Simon Ward stole the show; but then Victor is meant to sound pompous and plummy. His rival is not.

Distaff casting is even more problematic. Louise Lombard sounded dead common, as she does in TV's *House of Eliott*, a trend among young actresses emphasised by *Friday's Child*.

This George Hayer adaptation launched the Romance season on Sunday. Seventeen-year-old Hero Wantage, known as Kitten, was played with a girly voice and the elegance of a fishwife. Her lordly spouse's Edward Heath diphtheries made one glad that brown cows were rarely apostrophised in Regency England. It was all rather classless, modern, suburban and, in George Hayer terms, pointless.

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# INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

### AMSTERDAM

**GALLERIES**  
Rijksmuseum Tel: 020 673 21 21  
■ Art of Devotion 1300-1500: major winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)  
■ Marbled, Chintz and Brocade: Paper: an exhibition of decorated paper manufactured in and imported to the Low Countries in the 17th Century; to Feb 12

### BALTIMORE

**THEATRE**  
Center Stage Tel: (410) 685 3200  
■ Slave! Thinking About The Longstanding Problems of Virtue and Happiness, written by Tony Kushner, directed by Lisa Peterson at 8pm; to Feb 18

### BARCELONA

**GALLERIES**  
Museu Picasso Tel: (93) 519 69 02  
■ Picasso's Early Works: 220 drawings and paintings from the period 1890-1912; to Feb 12 (Not Mon)

### BERLIN

**GALLERIES**  
Neue Nationalgalerie Tel: (030) 2662653  
■ George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17

### OPERA/BALLET

Deutsche Oper Tel: (030) 3 41 92 49  
■ Ein Maskenball: by Verdi. Conducted by Rafael Fröhlich de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich at 7.30pm; Feb 10  
■ L'italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary at 7pm; Feb 4, 8  
■ The Marriage of Figaro: by Mozart. Conducted by Stefan Soltesz, produced by Götz Friedrich at 7pm; Feb 7, 9

### BOLOGNA

**OPERA/BALLET**  
Teatro Comunale Tel: (051) 529999  
■ Macbeth: opera in four parts by Verdi at 8.30pm; Feb 5 (8.30pm), 7, 10 (6pm)

### BONN

**GALLERIES**  
Kunst- und Ausstellungshalle Tel: (0228) 9171 236  
■ Wunderkammer of the Occident: a journey through the history of European museums and collections, with more than 2,000 objects that have been collected by Europeans since the Renaissance; to Feb 26 (Not Mon)  
**OPERA/BALLET**  
Oper Der Stadt Tel: (0228) 7281  
■ Carmen: by Bizet. A new production by Gian-Carlo del Monaco, with conductor Michel Sarsouy. In French with German surtitles at 8pm; Feb 4 (7pm), 10  
■ Tannhäuser: by Wagner. Conducted by Jiff Kout, production by Götz Friedrich at 8pm; Feb 5

### BRUSSELS

**OPERA/BALLET**  
De Munt/La Monnaie Tel: (02) 218 22 11  
■ Il Trittico: by Puccini. A new production directed by Stain Winge, conducted by Antonio Pappano at 7pm; Feb 5 (3pm), 7, 9

### DUSSELDORF

**GALLERIES**  
Kunstmuseum Düsseldorf Tel: (0211) 8992480  
■ Daniel-Henry Kahnweiler: a visual summary of the German artist's work with pieces by Gris, Braque, Léger, Klee and Picasso; to Mar 19

### FRANKFURT

**GALLERIES**  
Schirn Kunsthalle Tel: (069) 29 98 82 11  
■ Asger Jorn - Retrospective: 187 works by the Danish painter. The fifth chapter in a series of presentations of postwar European artists; to Feb 12

### LONDON

**CONCERTS**  
Barbican Tel: (0171) 638 8891  
■ Contrasts - Tippett's Choice: Chamber concert with LSO chamber players. A specially chosen programme by Sir Michael Tippett that reflects his varied tastes in chamber music at 7.30pm; Feb 9  
■ Tippett: Visions of Paradise: opening concert that celebrates the 90th birthday of one of the most eminent living British composers. Sir Colin Davis conducts the London Symphony Orchestra to play Mozart and Tippett's own, 'A Child of Our Time' at 7.30pm; Feb 5  
■ Philharmonia Orchestra: with violinist Kyung-Wha Chung and conductor Kurt Sanderling plays Beethoven and Bruckner at 7.30pm; Feb 4, 8  
**GALLERIES**  
Barbican Tel: (0171) 638 8891  
■ Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothenstein and Whistler; to May 7  
British Museum Tel: (0171) 638 1555



Yves Klein paints a model in 1960. His work is at London's Hayward Gallery

■ Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)  
■ Festival Hall Tel: (0171) 928 8800  
■ It's a Pleasure: an exhibition of nine contemporary artists; to Feb 19  
■ Hayward Tel: (0171) 261 0127  
■ Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; from Feb 9 to Apr 23  
ICA Tel: (0171) 930 3847  
■ The Institute of Cultural Anxiety: works of art and science by young British artists such as Angela Bulloch, Liam Gillick alongside works by more established artists such as Jeff Koons and Julian Opie; to Feb 12  
National Portrait Tel: (0171) 906 0055  
■ Christina Rossetti: an exploration of the Victorian poet on the centenary of her death; to Feb 12

Royal Academy Tel: (0171) 439 7438  
■ Poussin: over 90 works by the French artist. Centenary of the exhibition are the two series of the 'Seven Sacraments'; to Apr 9  
Serpentine Tel: (0171) 402 0343  
■ Man Ray: exhibition of works by the celebrated artist; to Mar 12  
Victoria and Albert Tel: (0171) 938 8500  
■ Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19  
**OPERA/BALLET**  
English National Opera Tel: (0171) 632 8300  
■ King Priam: a new production of Tippett's opera that opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday at 7.30pm; Feb 9  
■ Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a Mafia boss at 8.30pm; Feb 4, 10  
Royal Opera House Tel: (0171) 340 4000  
■ Così Fan Tutti: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidò. In Italian with English surtitles at 7pm; Feb 8  
■ Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werderberg at 8.30pm; Feb 4 (5.30pm), 7  
■ Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright at 7.30pm; Feb 9  
■ La Bohème: by Puccini. Conducted by Simone Young/Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/Amenda Thane as Mimì and Maria McLaughlin/Judith Howarth as Musetta at 7.30pm; Feb 10

**THEATRE**  
Albany Tel: (0171) 876 1115  
■ As You Like It: by Shakespeare. Declan Donnellan directs an all male cast that includes Adrian Lester and Richard Cant at 7.30pm; (Not Sun)  
Barbican Tel: (0171) 638 8891  
■ New England: Richard Nelson's new play at 7.15pm; Feb 4  
Gielgud Tel: (0171) 494 5065  
■ Hamlet: by Shakespeare. Directed by Peter Hall, designed by Lucy Hall. With Stephen Dillane, Michael Pennington, Donald Sinden and Gina Bellman at 7.15pm; (Not Sun)  
National, Cottesloe Tel: (0171) 928 2252  
■ Dealer's Choice: written and directed by Patrick Marber, six men stay up late to play poker, and win at all costs at 7.30pm; Feb 9 (7pm), 10  
National, Lyttelton Tel: (0171) 928 2252  
■ Out of a House Walked a Man: by Danil Kharms. A Royal National Theatre and Theatre de Complicité co-production of a collection of musical scenes by the Russian absurdist writer at 7.30pm; Feb 6, 7

**CONCERTS**  
La Fontaine Pierre Giannadda Tel: (026) 22 39 78  
■ Egon Schiele: exhibition of works by the Austrian Expressionist painter; to May 14

### MUNICH

**GALLERIES**  
Haus der Kunst  
■ Deutsche Romantik: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their cultural and political impact on successive generations of German artists; from Feb 4 to May 1  
Kunststiftung der Hypo-Kulturstiftung  
■ Paris-Belle Époque: An evocation of the period from 1880 to 1910, with paintings, drawings, posters, photographs, glass and furniture; to Feb 26  
Villa Stuck Tel: (089) 45 55 51 0  
■ African Seating: exhibition of traditional African arts, mostly from the early part of this century, that concentrates on seating, from simple every day seating to ornate wooden thrones; to Apr 23

(2.15pm)  
■ The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30pm; Feb 4 (2.15pm), 9, 10

National, Olivier Tel: (0171) 928 2252  
■ The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quillay as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford at 7.15pm; Feb 6, 7, 8, 9 (2pm)  
■ The Wind in the Willows: Edward Kemp's recreation of Nicholas Hynes's original production by Alan Bennett, adapted from the novel by Kenneth Grahame at 7.15pm; Feb 4 (2pm), 10  
Riverside Studios Tel: (0181) 741 2251  
■ Hancock's Last Half Hour: by Heathcote Williams, directed by Mark Piper. Set in a Sydney rented apartment, Jim McManus relives comedian Tony Hancock's last hours at 8pm; to Feb 11 (Not Sun)  
Royal Court Tel: (0171) 730 1745/2554  
■ The Libertine: by Stephen Jeffreys, directed by Max Stafford Clark. Comedy based on the works of the 2nd Earl of Rochester at 7.30pm; to Feb 18  
Wyndhams Tel: (0171) 369 1736  
■ Three Tall Women: by Edward Albee, directed by Anthony Page. With Maggie Smith, Frances de la Tour and Anastasia Hille at 8pm; (Not Sun)

### LOS ANGELES

**CONCERTS**  
Dorothy Chandler Pavilion  
■ Celebrity Recital: violinist Anne Sophie Mutter assisted by pianist Lambert Orkis plays Stravinsky, Beethoven, Currier and Schumann at 8pm; Feb 8  
■ Radu Lupu: Rumanian pianist plays Bartók, Schumann and Schubert at 7.30pm; Feb 5

### MADRID

**GALLERIES**  
Fundación Juan March Tel: (91) 435 48 40/435 42 40  
■ Klimt-Kokoschka-Schiele: exhibition of 35 works by the three Viennese artists; from Feb 7 to May 21  
Mercado Puerta de Toledo Tel: (91) 368 7200  
■ The Golden Age of Dolls: exhibition marking the 'Golden Age' of toy making (1840-1940), and its social impact. Over 800 exhibits; to Feb 24  
Reina Sofia Tel: (91) 469 30 02  
■ Salvador Dalí: the early years; to Jun 16

### MARTIGNY

**GALLERIES**  
La Fondation Pierre Giannadda Tel: (026) 22 39 78  
■ Egon Schiele: exhibition of works by the Austrian Expressionist painter; to May 14

### MUNICH

**GALLERIES**  
Haus der Kunst  
■ Deutsche Romantik: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their cultural and political impact on successive generations of German artists; from Feb 4 to May 1  
Kunststiftung der Hypo-Kulturstiftung  
■ Paris-Belle Époque: An evocation of the period from 1880 to 1910, with paintings, drawings, posters, photographs, glass and furniture; to Feb 26  
Villa Stuck Tel: (089) 45 55 51 0  
■ African Seating: exhibition of traditional African arts, mostly from the early part of this century, that concentrates on seating, from simple every day seating to ornate wooden thrones; to Apr 23

**OPERA/BALLET**  
Bayerische Staatsoper Tel: (089) 22 13 16  
■ Don Pasquale: by Donizetti. Conducted by Roberto Abbado. In Italian at 7pm; Feb 7  
■ Il Trovatore: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian at 7pm; Feb 4, 9  
■ The Marriage of Figaro: by Mozart. Conducted by Jun Märkl, produced by Günter Rennert. In Italian at 7pm; Feb 8

### NEW YORK

**GALLERIES**  
Guggenheim Soho Tel: (212) 423 3652  
■ Antoni Tàpies: fifty five of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23  
Metropolitan  
■ Early Renaissance Florence: 100 panel paintings and manuscript illuminations by masters of the Gothic style; to Feb 26 (Not Mon)  
■ Thomas Eakins: exhibition honoring the 150th anniversary of the birth of the artist. This installation of about 30 works from the museums holdings explores the museums continuing interest in Eakins; to Feb 26  
Museum of Modern Art Tel: (212) 708 9400  
■ Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving 'Composition' paintings; to Apr 25  
Whitney Museum  
■ Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; to Mar 12

**OPERA/BALLET**  
Metropolitan Tel: (212) 362 6000  
■ Cavalleria Rusticana/Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zeffirelli, conductor Christian Bades at 8pm; Feb 4, 7, 10  
■ Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton at 8pm; Feb 6, 9  
■ Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi at 8pm; Feb 4, 8

**THEATRE**  
Jean Cocteau Repertory Tel: (212) 677 0080  
■ The Cherry Orchard: by Chekov. A new production directed by Eve Adamson at 8pm; to Mar 3  
Joseph Papp Public Theatre Tel: (212) 596 7150  
■ The Merchant of Venice: by Shakespeare. Directed by Barry Edelstein, and with Ron Leibman playing Shylock at 8pm; from Feb 5 (Not Mon)  
Mitzel E Newhouse Tel: (212) 239 6200  
■ Haggood: by Tom Stoppard. New York premiere of the play about the head of a UK government espionage agency, directed by Jack O'Brien, and starring Stockard Channing at 8pm; (Not Mon)  
New York State Theatre Tel: (212) 870 5570  
■ Slave! Thinking About The Long Standing Problems of Virtue and Happiness. Tony Kushner's latest work directed by Lisa Peterson at 8pm; (Not Mon)  
Promenade Theatre Tel: (212) 239 6200  
■ Three Tall Women: Edward Albee's Pulitzer Prize winning drama about a 92 year old widow contemplating her life. Sun. 3pm, otherwise at 8pm; (Not Mon)  
Roundabout Theatre Company Tel: (212) 869 8400  
■ The School for Husbands/The Imaginary Cuckold: by Molière. Michael Langham directs this Richard Wilbur translation starring Brian Bedford at 8pm; to Mar 12 (Not Mon)

Union Square Tel: (212) 307 4100  
■ Vita and Virginia: by Eileen Atkins. The relationship between Virginia Woolf, (played by Atkins) and Vita Sackville-West (played by Vanessa Redgrave). Zoe Caldwell directs at 8pm; (Not Mon)

**PARIS**  
**CONCERTS**  
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24  
■ Jorge Chamín: baritone with pianist Maria-Françoise Bucquet plays Tchaikovsky, Borodin and Glinka at 8.30pm; Feb 9  
■ Maxim Vengerov and Itmar Golan: an evening of violin and piano recitals by Mozart, Beethoven, Prokofiev and Shostakovich with violinist Vengerov and pianist Golan at 8.30pm; Feb 6  
**GALLERIES**  
Georges-Pompidou Tel: (1) 42 77 12 33  
■ Kurt Schwitters: exhibition of works by the German Dadaist; to Feb 20  
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27  
■ André Delnais: 350 works spanning his entire career; to Mar 19 (Not Mon)

Musée d'Orsay Tel: (1) 45 49 11 11  
■ James McNeill Whistler: exhibition of works; from Feb 8 to Apr 30  
**OPERA/BALLET**  
Châtelet Tel: (1) 40 28 28 40  
■ King Arthur: music by Purcell. A William Christie and Graham Vick production; from Feb 9 to Feb 19  
Opéra Comique Tel: (1) 42 06 12 20  
■ Lakmé: by Delibes. Conducted by Frédéric Chaslin and produced by Gilbert Blin at 7.30pm; to Feb 18  
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
■ La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Éléonore Urte-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust at 7.30pm; Feb 9  
■ Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban with Maurizio Benini and Roberto Abbado (from April)

**ZURICH**  
**GALLERIES**  
Kunsthaus Zürich  
■ Degas-The Portraits: an exhibition on the portraits of Edgar Degas; to Mar 5  
**OPERA/BALLET**  
Opernhaus Tel: (01) 262 09 09  
■ Der Freischütz: by Weber. Conducted by Nikolaus Harnoncourt and produced by Ruth Berghaus. Soloists include Inga Nielsen and Mälin Harnett at 7.30pm; Feb 9  
■ The Masked Ball: by Verdi. Conducted by Franz Welser-Möst and produced by Michael Hampe at 7.30pm; Feb 5 (4pm)

conducting the Orchestra and Chorus of the Paris National Opera at 7.30pm; Feb 4, 8

### ROME

**CONCERTS**  
Teatro Olimpico Tel: (06) 3234890  
■ Festival Orchestra of Brescia and Bergamo: with pianists Gerhard Oppitz, Bruno Camino and Antonio Ballista. Agostino Orizio conducts Bach at 9pm; Feb 9  
**OPERA/BALLET**  
Teatro Dell'Opera Tel: (06) 481601  
■ Romeo and Juliet: music by Prokofiev. Ballet choreographed by Ermanno Florio, choreographed by John Cranko at 8.30pm; Feb 4 (6pm), 5 (4.30pm)

### STUTTGART

**OPERA/BALLET**  
Städtische Stuttgart Tel: (07) 11 19703/4  
■ Macbeth: by Shakespeare, music by Verdi. A new production by Ruth Berghaus, conducted by Gabriele Ferro at 7.30pm; Feb 5, 8

### THE HAUGE

**GALLERIES**  
Gemeentemuseum Tel: (070) 33881111  
■ Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; to Apr 30

### TURIN

**OPERA/BALLET**  
Teatro Regio Tel: 011 8815 241  
■ A Midsummer Night's Dream: music by Britten, book by Shakespeare. Conducted by John Mauceri, directed by Alfredo Arias. In English at 8.30pm; Feb 5 (8pm)

### WASHINGTON

**CONCERTS**  
Kennedy Centre Tel: (202) 467 4600  
■ Israel Philharmonic: under the direction of Zubin Mehta plays Mozart, Mendelssohn and Strauss at 8.30pm; Feb 7  
■ National Symphony Orchestra: with violinist Cho-Liang Lin, Paavo Berglund conducts Kodakonen, Tchaikovsky and Brahms at 8.30pm; Feb 9, 10  
■ Washington Chamber Symphony: Stephen Simon conducts Tower, Mozart and Mendelssohn at 7.30pm; Feb 4  
**GALLERIES**  
Corcoran Tel: (202) 638 3211  
■ Family Lives: photographs by Tina Barney, Nic Nicosia and Catherine Wagner. Exhibition explores the power of photography to subvert or reinvent our experience and understanding of events and relationships; to Feb 13  
National Gallery Tel: (202) 737 4215  
■ Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedrals of Florence, Pavia and St Peter's; to Mar 19  
Sackler Tel: (202) 357 2700  
■ A Basketmaker in Rural Japan: examples of all 103 designs by Hiroshima Kazuo, the world's greatest basketmaker; to June 9  
■ Landscape as Culture: Lois Conner travels through Asia recording architecture and landscapes with her 100 year old banquet camera; to May 30  
■ Paintings from Shiraz: the arts of the Persian book created in the city of Shiraz during the 14th-16th century; to Sep 24  
**OPERA/BALLET**  
Washington Opera Tel: (202) 416 7800  
■ Semele: by Handel. Conductor Martin Palmer. Roman Tarlecky directs a Zerk Brown production at 8pm; Feb 6 (7pm), 9  
■ The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8pm; Feb 5 (2pm), 8  
**THEATRE**  
Arens Stage Kreeger Theater Tel: (202) 554 9066  
■ Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ulliel and translated by Christopher Hampton at 7.30pm; to Mar 19 (Not Mon)  
Arens Stage, Richardson Theater Tel: (202) 488 3300  
■ Long Day's Journey into the Night: Eugene O'Neill's classic American drama, directed by Douglas Wager at 7pm; to Feb 5 (Not Mon)  
Kennedy Centre Tel: (202) 467 4600  
■ Chen and Dancers: vibrant company that infuses Western modern dance with the strength and beauty of Asian traditions. Presented by the Washington Performing Arts Society at 7.30pm; Feb 7, 8  
■ How to Succeed in Business Without Really Trying: co-production with the Kennedy Center. Directed by Des McAnuff and starring Matthew Broderick as J. Pierrepont Pinch, the little window-washer with big corporate dreams at 8pm; to Feb 26 (Not Mon)  
Roundhouse Theater Tel: (301) 933 1644  
■ Dog Logic: by Tom Strelch, directed by Jerry Whiddon at 8pm; to Feb 19 (Not Mon)  
Studio Theater Tel: (202) 332 3300  
■ Conversations with My Father: Herb Gardner's autobiographical work, directed by John Gering. Sun 2pm and 7pm otherwise at 8pm; to Feb 5 (Not Mon)

**PARIS**  
**CONCERTS**  
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24  
■ Jorge Chamín: baritone with pianist Maria-Françoise Bucquet plays Tchaikovsky, Borodin and Glinka at 8.30pm; Feb 9  
■ Maxim Vengerov and Itmar Golan: an evening of violin and piano recitals by Mozart, Beethoven, Prokofiev and Shostakovich with violinist Vengerov and pianist Golan at 8.30pm; Feb 6  
**GALLERIES**  
Georges-Pompidou Tel: (1) 42 77 12 33  
■ Kurt Schwitters: exhibition of works by the German Dadaist; to Feb 20  
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27  
■ André Delnais: 350 works spanning his entire career; to Mar 19 (Not Mon)

Musée d'Orsay Tel: (1) 45 49 11 11  
■ James McNeill Whistler: exhibition of works; from Feb 8 to Apr 30  
**OPERA/BALLET**  
Châtelet Tel: (1) 40 28 28 40  
■ King Arthur: music by Purcell. A William Christie and Graham Vick production; from Feb 9 to Feb 19  
Opéra Comique Tel: (1) 42 06 12 20  
■ Lakmé: by Delibes. Conducted by Frédéric Chaslin and produced by Gilbert Blin at 7.30pm; to Feb 18  
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
■ La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Éléonore Urte-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust at 7.30pm; Feb 9  
■ Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban with Maurizio Benini and Roberto Abbado (from April)

**PARIS**  
**CONCERTS**  
Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24  
■ Jorge Chamín: baritone with pianist Maria-Françoise Bucquet plays Tchaikovsky, Borodin and Glinka at 8.30pm; Feb 9  
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**ZURICH**  
**GALLERIES**  
Kunsthaus Zürich  
■ Degas-The Portraits: an exhibition on the portraits of Edgar Degas; to Mar 5  
**OPERA/BALLET**  
Opernhaus Tel: (01) 262 09 09  
■ Der Freischütz: by Weber. Conducted by Nikolaus Harnoncourt and produced by Ruth Berghaus. Soloists include Inga Nielsen and Mälin Harnett at 7.30pm; Feb 9  
■ The Masked Ball: by Verdi. Conducted by Franz Welser-Möst and produced by Michael Hampe at 7.30pm; Feb 5 (4pm)

## CHESS

The Fide semi-finals start on Monday at Sanghi Nagar, India, where the holder Anatoly Karpov plays Boris Gelfand while Valery Salov meets Gata Kamsky.

A month later at Las Palmas, Kamsky and India's Vishy Anand meet in the PCA candidates final to decide who challenges Garry Kasparov for the PCA version of the world title.

If Kamsky, a former Lenin-grad champion who defected to the US in his teens, wins both matches and qualifies for world title challenges to both Kasparov and Karpov, he will rank with the greats of chess.

His father Rustam, an ex-boxer who manages his son, has emerged as a controversial figure and had to be restrained from attacking Nigel Short at dinner during the PCA quarter-finals. Bobby Fischer was noted for his frequent complaints, but the Kamskys gripe incessantly about ranking lists, appearance fees and the "evil" Kasparov who Gata claims once spiked his orange juice.

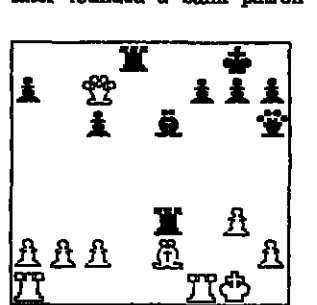
Who will win? Karpov has an impressive match record; apart from Kasparov, only Short has ever beaten him. Both Salov (30) and Kamsky (20) are in fine form, but the younger man's energy gives him an edge.

With only two weeks between the Fide and PCA matches, Anand will be favourite to defeat a tired Kamsky in

the Canaries.

No 1060  
Ignatz Kolisch v Wilhelm Steinitz, Paris 1887. World No.1 Steinitz (Black, to move) wanted to play R58 threatening Rxc7 and Rxe2, but feared Kolisch's expected 2 Rxd1 when White mates by R88 if Black captures queen or bishop.

So Steinitz chose the defensive 1...Rf8, the game was later drawn, and Kolisch won first prize. It was a valuable Seville vase which Kolisch, a property speculator, then sold to finance his latest deal. This proved so successful that he later founded a bank patron-



used by the Rothschilds and became a millionaire. Steinitz remained faithful to chess, won the world title but died a pauper. What should he have played in the diagram?

Solution, Page XV

Leonard Barden

## BRIDGE

My hand today comes from rubber bridge. I was in the South chair, playing with an unfamiliar partner:

W E  
♠ J 8 5 2 ♠ 9 4  
♥ A K Q 6 ♥ 9 3  
♦ 9 7 6 ♦ K 8 5 2  
♣ K 5 ♣ A 7 6 2  
S  
♠ A K Q 10 7 6 3  
♥ 5 4  
♦ A Q  
♣ J 4

With both sides vulnerable North dealt and opened the bidding with one heart - not an opening bid to be recommended. A partner is better. With a slam in my sights I replied with two spades, my partner rebid two no trumps, and I went to six spades. Not a very scientific sequence, but I felt I must have chances.

West led the spade knave and I surveyed the position. There were 11 tricks for the taking, and two chances for the 12th. First, that West held the club ace; second, that East had the diamond king. How could I try them both?

I required a little preliminary work. Drawing the last trump, I cashed the three heart honours, discarded my four of clubs, ruffed the heart six high in hand and advanced the club knave. West covered with queen, and dummy's king lost to the ace. I ruffed East's club return, crossed to the eight of spades, led a low diamond and finessed my queen. This held - slam delivered.

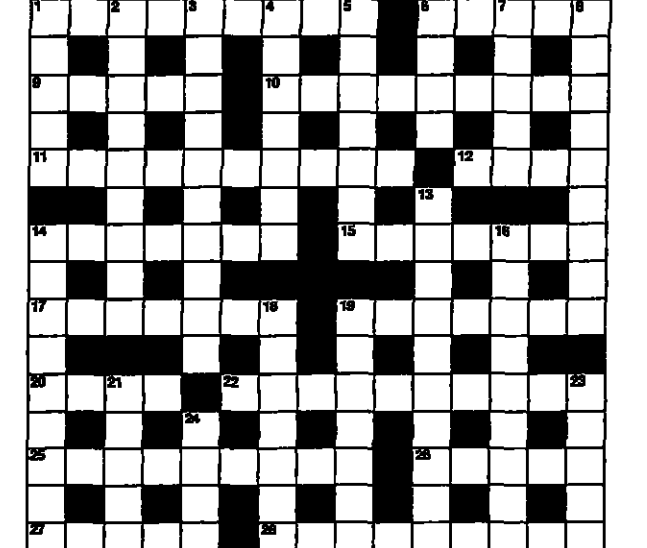
I am glad I saw the extra chance provided by discarding the club. West might have held ace of clubs and diamond king.

E.P.C. Cotter

## CROSSWORD

### No. 8,678 Set by CINEPHILE

A prize of a classic Pelican Souvenir 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelican vouchers. Solutions by Wednesday February 15, marked Crossword 8,678 on the envelope. 1 South-west Bridge, London SE1 8NL. Solution on Saturday February 18.



Name: Address:

- ACROSS**  
1 Sort of sketch featuring crescent moon? (9)  
6 Sort





Peter Aspdin

## Save us from Millie Molecule

Intellectuals wearing glasses can get the health message across. We do not need 'nice little stories'

I perform a Native American ritual involving smudge sticks, lit to eradicate negative energies... the fire cleanses and there is an energy in the smoke... thus theorises Tori Amos, one of our most endearing pop stars, on being asked to offer her alternative health remedies in a glossy fashion magazine this month, instantly qualifying for the Ground-Control-to-Major-Tom award for sobriety and level-headedness.

Well, why shouldn't she, and what do you expect from a pop star anyway? She is not the only one, however. All over the world, bizarre ritualistic practices, many of them involving chants, herbs and packets of Swan Vistas, are

replacing orthodox medical science as people redefine their expectations of healthy living.

Surprisingly, this fledgling fashion for mysticism is occurring at the very time that scientists are becoming more assertive, arrogant even, in their attempt to push back the borders of established knowledge. It seems that the more they know, or say they know, the more we retreat into the world of myth and hearsay, preferring the crusty advice of old wives to the earnest promptings of fresh-faced housemen.

Why, in any case, should western science have its own way in the rough-and-tumble world of fragmented values and multi-cultural synthesis? Looking after

your own body is today not very different from buying the clothes with which to bedeck it: consumer choice, mix-and-match, co-ordinate, accessories - these are the watch-words of modern health care. And why should a tab of antibiotics carry a more exclusive label than a Native American ritual?

Perhaps science should look at its own role in its downfall, however. Could it be that, in its landable aim to become more popular and accessible, it has perpetuated its own myths which people are finding indistinguishable from the dubious accounts which increasingly compete for their attention?

I was eased towards this conclusion by a leaflet I picked up at a

chemist store, entitled: "Get Radical" (the kind of clarion call that used to lead to consciousness-raising folk evenings on behalf of the Chilean people, but is now put out by a Swiss drug company, but that is a different story), which told the story of Fred Radical ("a nasty piece of work"), Millie Molecule ("a dandelion in distress") and Andy the Antioxidant (I am not making this up).

In vivid pictures, we see how Fred is produced in the body from "modern living" (listening to Kiri Te Kanawa? spending an hour in the Trocadero?) and targets the hapless Millie in a Hitchcockian assault to relieve her of one of her electrons.

Things look grim - Millie's

being mugged, electrons being swiped all over the place - until Andy turns up, jaunty and toned, and throws a few more electrons (he has them to spare) at the vilified Fred, who withdraws in defeat.

Now, as I understand it, all this has something to do with eating more carrots, apricots and broccoli in order to ward off cancer. But if you had been mugging off about all this just 10 years ago, you would have been considered mildly bonkers.

Now we are being asked to follow this touching tale of electron affinities, as it were, "complicated with a television health and beauty expert", so that we buy our expensive antioxidant supplements

just to make sure we are not caught short.

It is a nice enough little story; but not, I bet, thrilling enough to compete with Ms Amos's exotic universe of cleansing fires and negative energies. I think I preferred the days when science - "Eat your greens because they are good for you" - without feeling the need to descend to a deeply unexciting metaphorical version of its most valued discoveries. We have always been, after all, God-fearing people with a weakness for soft-spoken intellectuals who wear glasses. When it comes to choosing what to believe, give me Ronnie Rationality and Tommy Test-Tube every time.

Dispatches

## Meat eating myths

For us, as a species, to live healthily, we must eat foods of animal origin. Vitamin B12 is unique in that it does not occur naturally in any plant. Neither, with the exception of soyabean, do plants provide us with complete proteins in the correct proportions. And even though it is possible to make up complete proteins by combining different plants, none provides us with the lipids needed for proper brain development in the young.

Most of us, therefore, eat meat, fish, eggs and dairy produce. But a growing minority are shunning the first two. And they contribute to a problem which is the cause of great protest: the transport of live calves to Europe for the veal market.

Last week I watched as TV news brought us graphic scenes of terrified calves, destined for the European veal trade, staring from transport lorries. They were not upset by their fate, they could have no knowledge of that. They were frightened by protesters screaming and banging on the lorries.

I have little doubt that those who protest the loudest and shatter windscreens are vegetarians and this alarms me because they seem blissfully unaware that it is they who must bear some of the responsibility for the situation in which the calves find themselves.

Most vegetarians do seem to know that they could be in dire straits if they gave up animal products altogether, so they drink milk and eat cheese. But they don't seem to realise where that milk and the cheese comes from.

For a cow to produce milk, she

I have little doubt that those who protest the loudest are vegetarians

must have a calf every year. It cannot be done any other way.

If we are not, eventually, to eat those calves, what are we to do with them? Some, of course, would be kept to produce milk themselves, but what of the rest? It would be quite impractical to keep them for the rest of their natural lives. They could, of course, be killed at birth but that, surely, makes the whole vegetarian exercise pointless.

A Mori poll carried out in 1989 indicated that 3 per cent of the population called themselves vegetarian. Today, the number has risen to 8 per cent. That is nearly 5m people who do not eat meat.

And there is an even more worrying trend: many schools show videos and have talks sponsored by the Vegetarian Society. A mark of its success is that vegetarianism among schoolchildren has climbed to 20 per cent.

Perhaps knowledge of how mammals reproduce, and the harm that vegetarianism does, should be given equal prominence.

If that 5m resumed eating beef, it would be unnecessary to find markets abroad for the calves; they would remain in Britain, living naturally in fields. Not only would this reduce the numbers of calves being shipped, it has advantages for the environment. Where animals are farmed in fields they manure the pastures naturally with little need for the artificial fertilisers that are another worry for many people.

The tons of nitrate fertilisers, which leach in ever-increasing quantities into our rivers, are not used for meat production but for the production of cereals and other vegetable crops. With animal farming fields can be small and bounded by hedges. The good herdsman will keep trees to shelter his animals from the summer sun. The field edges, trees and hedges provide a habitat for small animals, insects and wild flowers.

Arable farming on a large scale, on the other hand, means combine harvesters, and combine harvesters demand large open fields. On arable farms, hedges and trees are an encumbrance; thousands of miles of hedges have been torn out this century. People bemoan the fact that animal and plant species are losing their hedgerow homes. They are sad that those species are becoming endangered - and then they espouse a dietary regime that inevitably means the destruction of even more hedges and trees.

One must sympathise with the animal rights campaigner who has animals' best interests at heart - animals should be grazing in fields, not confined to pens and veal crates. It is legitimate to challenge these unnatural regimes. But under-taking other unnatural dietary practices is not the answer; it merely exacerbates the situation.

The vegetarian is in the dilemma that he cannot kill animals - yet he cannot afford to let them live. So he conveniently puts this out of his mind, carries on his unnatural lifestyle, relying selfishly on the meat eaters to solve his dilemma for him. And then he protests when they try.

Barry Groves

## Four movies and no sequel

Nigel Andrews asks Mike Newell about life with success

An hour into my conversation with Mike Newell, in his agent's spacious office complete with framed poster of the director's *Four Weddings And A Funeral*, there was a half-past, half-past, push at the door. Newell opened it. In walked the agent's dog. He jumped on the sofa and fell asleep.

If you are the maker of the most successful British film in history - \$4m budget, \$240m world box-office take to date - you need dogs who behave like that. For you are entering the terrifying zone known as Yes Man's Land. Everyone else will fawn on you, offer you the world, lick your designer trainers.

Newell knows this already. He recently signed a two-picture deal with Disney and he is being inundated with offers from points north, south, east, west.

"They're on the blower to me to make films about marriages," says the tall, ruddy-complexioned director. But for the moment there will not be any, nor any *Four Weddings* sequel. "Richard [Curtis, the screenwriter] refuses to write to commission. He won't do *Weddings 2* just because someone tells him to. Besides, what on earth would it be?"

I dread to think. Hugh Grant in space? *Four weddings* and a car chase?

Instead, Newell has just finished Hugh Grant in *Berry-Bainbridge*. In his film of her novel *An Awfully Big Adventure*, true-blue Hugh stars in the tragicomic tale of a theatre company and a young girl's growing pains. It does not, says Newell, come out of the same hole as *Four Weddings*.

But what could? Like any monster hit, this comedy has changed habits and fashions. Because of one funeral oration scene, everyone started re-reading W.H. Auden. Newell has a list of "because-ofs".

"Did you know that the hotel in which the hero first sleeps with Andie MacDowell has bookings for that set of rooms for two years into future? And the London florist who did the film's flowers was invited to the White House to do Hillary Clinton's flowers?"

But why? Deeply as I love the film, I struggle to account for its almighty trans-global conquest. What is Newell's theory?

"Well, the hero, as he's played by Hugh, is an Everyman. People find this big, big archetype that can hang their hat on, and they laugh with him and identify with him."

Sensing the character's potential, even before shooting, Newell and Curtis had driven for 12 months and 20 script drafts to make him extra-special. "He was a kind of Candide in the very screenplay; a bit passive, even a sort of Mr Bean (another Richard Curtis creation). When I first read the script I said, 'He's shallow; he needs a problem, an emotional arc.'"

So they gave him his trademark obsession in the film: that funny, fixating reluctance to commit to

'As soon as you have smooth rides in the cinema, you can kiss your career goodbye'

Later, at Cambridge, he searched for cracks of opportunity in a generation including Trevor Nunn, Richard Eyre and Stephen Frears.

"Stephen did a musical at Cambridge in which he very daringly featured a nude scene with three girls. I was the stagehand placed in the wings to give them their coats when they came off."

"Later I did my own main production at Cambridge, which was Noel Coward's *Hay Fever*." He says this almost shamefacedly. "It was regarded as a very silly choice, when people were doing *Amadeus* and *John Osborne*."

A decade later, though, Newell was doing John Osborne himself. After a Granada TV stint - shift work on *Coronation Street*, preceded by four-minute news documentaries about "fishing dogs" or "the biggest stick of rhubarb in Batley" - he moved to BBC drama. He did *Plays For Today* of august provenance: N.F. Simpson, David Hare, Howard Branson, Osborne.

Newell had gone into TV, he says, as a springboard for a theatre career. "But as soon as they showed me the instruments of torture, I was hooked. I loved the equipment, the gear. Because it moved. With a camera, there is no one fixed perspective. It's that shot, and that and that."

The ironies of cinema history,

though, so arranged things that just when Newell wanted to leave television for feature films, the native industry was in a state of collapse. (Plus ça change.) Anderson, Reisz, Schlesinger and Co had all shot their best bolts. "I remember thinking, there hasn't been any film like *Morgan* for a bit and we're starting to make films about world war two again."

Rather than make them himself, Newell became a moving-target director. He roamed the planet making varied-genre movies in varied locations. New Zealand, Canada, Italy. But he found this unperturbed, even exhilarating.

"I see myself like a whale cruising the seas with my mouth open waiting for things to happen. I don't belong to the Golden Letterbox school of director: those who think that projects come to you hand-tooled by destiny."

"Directing, in any case, is not about art. It's much more about how you handle yourself. You put your ego in the fridge, because you're going to be beaten up and bruised. On *The Man In The Iron Mask* I once passed a note to an actor saying, 'Can we "take it down"? I think it's a little large, a little broad.' The actor then said loudly in front of the whole crew, 'I either act or I don't!'"

That was Patrick McGeehan. Newell also had a well-publicised row with Rupert Everett on *Dance With A Stranger*, his praised 1993 film noir about murderer Ruth Ellis. "Rupert was very difficult because he thought I wasn't tuned to the subject. He thought I was a half-assed BBC intellectual, he found me humourless and anal. We didn't get on."

"But as soon as you start to have smooth rides in cinema," Newell goes on, "you can kiss your career goodbye. Far more interesting things always come out of stormy waters."

Which may be why *Four Weddings And A Funeral* emerged from a year-long shooting delay, a saga of rewrites, and much head-scratching over whether the thing would work at all. "I felt at first that it was dangerously 'silly ass'." Newell says. "I felt the film could alienate the general audience because it was so strongly correlated into the haute bourgeois. I didn't want it to be modern-day *Jane Eyre*."

So, like a doctor inoculating against a virus with the virus's germ, he picked Hugh Grant for the lead: an upper-crust youngster first seen in *Ivory's Maurice*. But the Grant that Newell chose from nine final auditions had grown into something with star quality. "Hugh was real and fresh and technically precise. In addition to that, he was gorgeous-looking, with a wit that's much sharper and more acid than the character he played."

Newell and his producer's final inspiration was to premiere the completed film in America. Variety and other news-sheets duly raved,

and the film came to England ready-armed to head off sneery native critics.

Newell professes to be paranoid about critics, especially his own country's. But then he is paranoid, or at least righteously vexed, about British cinema in general.

"It's inevitable that many of the best British directors will go to Hollywood," he says, citing Ridley Scott, Alan Parker and Adrian Lyne.

"Why shouldn't they have a payday? It's not that the money here is bad; it's that it's so irregular and unpredictable. It's astounding to me to have my contract with Disney set in these terms - that I'll make two out of my next four films for them. If you worked in England, the idea of there being another four films would be science fiction."

There must have been times, then, when his romance with his

vocation faltered. What is so magical about cinema that it keeps him going?

Newell sets off on a near-mystical delirium. Seeing *Ben-Hur* in a giant cinema with no audience... the idea of it carrying on its "Frankensteinian life" oblivious to who if anyone is watching... an art-form that bypasses rationality to go straight to our centres of unreason... a 20th century phenomenon more to do with voodoo than anything else.

He is right, of course. Cinema's appeal is baffling and supernatural.

I ask Newell if he is now off to Hollywood to become a star director. He tries to say no. First he gives the obligatory speech about it not being a place to bring up children. Then he recalls, more convincingly, his own first visit years ago.

"After the limo from the airport, I

got to my hotel room and there was a bottle of champagne waiting. I remember it made the hair on the back of my neck stand up and I didn't know why. Years later I realised that what they're doing, in this business where William Goldman [the screenwriter and Hollywood memoirist] once said, 'Nobody knows anything', is they're propitiating the one man they think does know. The director, the 'witch doctor'."

"And he can never say whether he knows or not, because in the end he might or might not be able to make rain. All he can do is say something incomprehensible and hope it'll work."

It is working for Newell: though for the rest of his life the film world will be trying to find out just what incomprehensible sound he uttered before making *Four Weddings A Funeral*.

After the limo from the airport, I



Andie MacDowell

Rain, snow, rain, snow. Massive damage in high water areas," said the *Frankfurter Allgemeine*, unusually combining the poetic and the financial in a single main headline.

This week's floods have done more than mere damage to the old continent, however. They have led to totally different conclusions about what should be done in the afflicted countries and highlighted contrasting national needs and attitudes.

The Germans question existing river control systems, or lack of them. The French worry about the urbanisation of man and regret a lack of attention to nature. Most Dutch say to hell with nature, demand more man-made structures, and tell the environmentalists to get off their backs. In the Netherlands, it may well be that the whole outlook of the nation will be reshaped along with the countryside.

This sudden impatience with environmentalism and decision-making by consensus will sound

rather shocking to some. But Governor Van Voozt of Voort of Limburg got a lot of approving coverage when he attacked the national "time-consuming form of democracy". One paper, *NRC-Handelsblad*, has rechristened Dutch democracy "sympy". Everything gets stuck in the endless appeals against planning decisions and the tradition of getting everybody to agree.

The heart of the matter is the environmentalist's success in preserving the Dutch countryside, as made by man several centuries ago. The old dykes are the stuff of some of Europe's greatest painting and still exercise considerable power over the artistic mind. The trouble is that they now provide inadequate defences against the Maas and Waal. So the pressure is on for

As They Say in Europe / James Morgan

## The mud makes things clear

the government to cut through the "sympy" and build massive new dykes for the 21st century. Huge things that will not seep; not nice but safe.

Curiously, it was *NRC-Handelsblad* that warned against technocracy. It said new flow systems had to be developed, some people should be moved permanently from danger areas and condemned new systems for "damming" rivers with massive works. "These are plans which fit the tradition that for every flood emergency there is a technical solution. That is a very Dutch approach but one that is less and less valid."

In France the reaction was to regret the lack of effective environmental pressure groups. *Le Figaro* wrote of human frailty, the power of natural forces. "The human

error will emerge as forgetting of two things: nature and memory... By tearing up hedges and groves, allowing ditches to collapse, not maintaining streams, thus man has supported the accelerated run-off of water. The excesses of urbanisation, the impermeability of soils, all have spread the phenomenon."

At the epicentre of the trouble, the *Rheinische Post* wanted to see a positive side to the disaster. It was not national solidarity, but international solidarity that reigned. "Whether on the Maas, the Mosel, the Rhine, whether in France, Germany or the Netherlands - every day and night thousands of helpers are at work."

At one time natural disasters were called acts of God. That meant the one person who was not to

blame was God. No one person was, just humanity and its sins. It was always a nice thought that those who lived in earthquake zones or under volcanoes were more sinful than the rest of us but today that idea does not really hold water, any more than does the Rhine.

The rechristenings have been surprisingly few but the Germans at least have a clear idea of one of the problems. It is St Florian and his eponymous principle. St Florian was originally the patron saint of firemen, today in Anglo-Saxon lands he might be called St Nibby, for he is best known by the catchy saying which runs: "Boly St Florian, save this house. Set fire to another one."

It was encapsulated by the *Westdeutsche Zeitung* from Düsseldorf: "Bad Baden-Württemberg built its

overflow area. Cologne would have been spared half a metre of water, according to the North-Rhine environment minister. In that case, says his colleague in Stuttgart, the town of Kehl would be under water."

Shovelling one's problems down-stream is a metaphor for the way society and business works today. Governments shuffle off responsibilities to local authorities. They create bodies to replace old civil servants and ministers disclaim responsibility. Enterprises de-layer and delegate; autonomous teams are "empowered" and sacked.

In Europe, at the end of the line, literally, are the Dutch. Oddly enough they do not repine but accept that they and nature are responsible for the disaster that has befallen them. They admit that they had forgotten they had to live with water and must learn again to make the best of it. Maybe it helps when you decide there is no God, boss or St Florian to blame.


James Morgan is economics correspondent of the BBC World Service.

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## OFFSHORE AND OVERSEAS

**BERMUDA (SIB RECOGNISED)**

[illegible]

**GUERNSEY (SIB RECOGNISED)**

<b>ABB Measurement Management (Germany) Ltd</b> 20 Wilshire Road (1) PO Box 225, St. Peter Port (Guernsey) GY1 1AA Tel: 01481 717061		1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786
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**Lizard Food Mixes - Cont'd.**

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### Morning Lunch Summary

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**BT Fund Managers (Ireland) Ltd**  
60 Harcourt Street, Dublin 2 DTD 30031 2000-0

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Günay & Ertokdemir / *Journal of Interpersonal Violence* 26(10) 2011[illegible]

Baring International	Fd Mgrs (Ireland) Ltd			
Assets	\$23.37	28.44	0.33	0

[illegible]

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

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**AXA Equity & Law Int'l Fund Rises**

City Financial Group	173.21	174.35	175.49	176.63	177.77	178.91	180.05	181.19	182.33	183.47	184.61	185.75	186.89	188.03	189.17	190.31	191.45	192.59	193.73	194.87	196.01	197.15	198.29	199.43	200.57	201.71	202.85	203.99	205.13	206.27	207.41	208.55	209.69	210.83	211.97	213.11	214.25	215.39	216.53	217.67	218.81	219.95	221.09	222.23	223.37	224.51	225.65	226.79	227.93	229.07	230.21	231.35	232.49	233.63	234.77	235.91	237.05	238.19	239.33	240.47	241.61	242.75	243.89	245.03	246.17	247.31	248.45	249.59	250.73	251.87	253.01	254.15	255.29	256.43	257.57	258.71	259.85	260.99	262.13	263.27	264.41	265.55	266.69	267.83	268.97	270.11	271.25	272.39	273.53	274.67	275.81	276.95	278.09	279.23	280.37	281.51	282.65	283.79	284.93	286.07	287.21	288.35	289.49	290.63	291.77	292.91	294.05	295.19	296.33	297.47	298.61	299.75	300.89	302.03	303.17	304.31	305.45	306.59	307.73	308.87	310.01	311.15	312.29	313.43	314.57	315.71	316.85	317.99	319.13	320.27	321.41	322.55	323.69	324.83	325.97	327.11	328.25	329.39	330.53	331.67	332.81	333.95	335.09	336.23	337.37	338.51	339.65	340.79	341.93	343.07	344.21	345.35	346.49	347.63	348.77	349.91	351.05	352.19	353.33	354.47	355.61	356.75	357.89	359.03	360.17	361.31	362.45	363.59	364.73	365.87	367.01	368.15	369.29	370.43	371.57	372.71	373.85	374.99	376.13	377.27	378.41	379.55	380.69	381.83	382.97	384.11	385.25	386.39	387.53	388.67	389.81	390.95	392.09	393.23	394.37	395.51	396.65	397.79	398.93	400.07	401.21	402.35	403.49	404.63	405.77	406.91	408.05	409.19	410.33	411.47	412.61	413.75	414.89	416.03	417.17	418.31	419.45	420.59	421.73	422.87	424.01	425.15	426.29	427.43	428.57	429.71	430.85	431.99	433.13	434.27	435.41	436.55	437.69	438.83	439.97	441.11	442.25	443.39	444.53	445.67	446.81	447.95	449.09	450.23	451.37	452.51	453.65	454.79	455.93	457.07	458.21	459.35	460.49	461.63	462.77	46
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	Price	Price		Group
1	1.00	1.00	1	1.00
2	1.00	1.00	2	1.00
3	1.00	1.00	3	1.00
4	1.00	1.00	4	1.00
5	1.00	1.00	5	1.00
6	1.00	1.00	6	1.00
7	1.00	1.00	7	1.00
8	1.00	1.00	8	1.00
9	1.00	1.00	9	1.00
10	1.00	1.00	10	1.00
11	1.00	1.00	11	1.00
12	1.00	1.00	12	1.00
13	1.00	1.00	13	1.00
14	1.00	1.00	14	1.00
15	1.00	1.00	15	1.00
16	1.00	1.00	16	1.00
17	1.00	1.00	17	1.00
18	1.00	1.00	18	1.00
19	1.00	1.00	19	1.00
20	1.00	1.00	20	1.00
21	1.00	1.00	21	1.00
22	1.00	1.00	22	1.00
23	1.00	1.00	23	1.00
24	1.00	1.00	24	1.00
25	1.00	1.00	25	1.00
26	1.00	1.00	26	1.00
27	1.00	1.00	27	1.00
28	1.00	1.00	28	1.00
29	1.00	1.00	29	1.00
30	1.00	1.00	30	1.00
31	1.00	1.00	31	1.00
32	1.00	1.00	32	1.00
33	1.00	1.00	33	1.00
34	1.00	1.00	34	1.00
35	1.00	1.00	35	1.00
36	1.00	1.00	36	1.00
37	1.00	1.00	37	1.00
38	1.00	1.00	38	1.00
39	1.00	1.00	39	1.00
40	1.00	1.00	40	1.00
41	1.00	1.00	41	1.00
42	1.00	1.00	42	1.00
43	1.00	1.00	43	1.00
44	1.00	1.00	44	1.00
45	1.00	1.00	45	1.00
46	1.00	1.00	46	1.00
47	1.00	1.00	47	1.00
48	1.00	1.00	48	1.00
49	1.00	1.00	49	1.00
50	1.00	1.00	50	1.00
51	1.00	1.00	51	1.00
52	1.00	1.00	52	1.00
53	1.00	1.00	53	1.00
54	1.00	1.00	54	1.00
55	1.00	1.00	55	1.00
56	1.00	1.00	56	1.00
57	1.00	1.00	57	1.00
58	1.00	1.00	58	1.00
59	1.00	1.00	59	1.00
60	1.00	1.00	60	1.00
61	1.00	1.00	61	1.00
62	1.00	1.00	62	1.00
63	1.00	1.00	63	1.00
64	1.00	1.00	64	1.00
65	1.00	1.00	65	1.00
66	1.00	1.00	66	1.00
67	1.00	1.00	67	1.00
68	1.00	1.00	68	1.00
69	1.00	1.00	69	1.00
70	1.00	1.00	70	1.00
71	1.00	1.00	71	1.00
72	1.00	1.00	72	1.00
73	1.00	1.00	73	1.00
74	1.00	1.00	74	1.00
75	1.00	1.00	75	1.00
76	1.00	1.00	76	1.00
77	1.00	1.00		

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Continental Illinois Luxembourg SA - Contd.

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#### Midland Int Circuit Fwd SICAW(h)

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# Weekend INVESTOR

Wall Street

## Sharp frost expected to chill confused market

Fed plans further action to keep the economy under control, reports Maggie Urry

Wall Street has had a good week and had regained the 3,500 level by Friday morning. But as New York braced itself this weekend for the first snowstorm of a remarkably mild winter, many strategists were expecting a sharp frost for the market before a resurgence in the spring.

The first good news came on Tuesday when President Clinton, with the air of a magician pulling a startled rabbit from a hat, flourished a \$50bn package of loans for Mexico. It came just when people were beginning to despair that Congress would ever pass the smaller \$40bn loan guarantee deal needed to save the peso.

That cleared the way for the Fed's open market committee to concentrate on purely domestic issues when it met on Tuesday and Wednesday to decide what to do about interest rates.

The half percentage point increase to 6 per cent on Wednesday had been widely expected but was still able to spark a rally which continued on Thursday and Friday.

But while the increase was exactly as expected, the accompanying statement was not. The Fed made clear that there would have to be further rate increases in coming months.

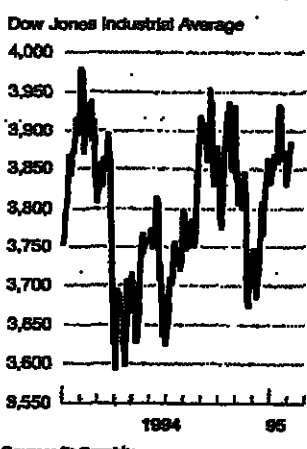
Many Wall Streeters hope there will only be one more, perhaps as little as another half point after the March (or possibly the May) meeting. But others fear the continuing strength of the economy will demand tougher corrective action.

There was much in the Fed's remarks to support that. It said that while there were tentative signs of moderating growth, economic activity was still running at a substantial pace and "resource utilisation" had risen further.

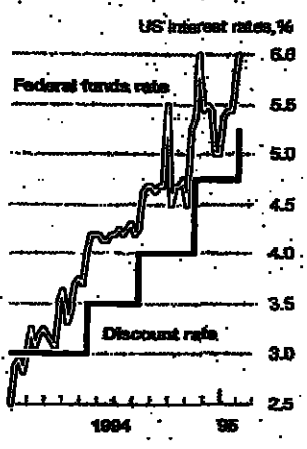
It stressed, too, the need to keep inflation constrained to promote sustainable economic growth. By sustainable, economists think the Fed is looking for a 2 1/2 per cent annual growth rate in GDP - not the 4 1/2 per cent seen in the last quarter of 1994.

Given that the Fed has doubled short-term interest rates over the past year (from 3 to 6 per cent) and the economy is still racing ahead, some strategists - such as Joseph McAlinden at Dillon Read - are expecting rates to rise by another 1 1/2 percentage points

### Dow takes interest rate rises in its stride



Source: FT Graphica



by the time summer arrives. Meanwhile, corporate results are continuing to show strong profit growth. Among last week's crop of better than expected earnings was Ford, which doubled profits in 1994 and predicted continuing growth in 1995 and 1996.

Such was the favourable background in 1994 that even General Motors was able to turn its first annual profit since 1989.

Other good profit news came from consumer stocks such as TTT, Colgate-Palmolive, Avon and R.J.R. Nabisco.

The strength in corporate profits is working to bring the market's valuation down to more attractive levels. McAlinden notes that if his view that the market will weaken from here is correct, the combination of strong earnings growth and a relatively flat stock market will have cut the trailing p/e on the Standard & Poor's 500 from the low 20s to the low teens over a relatively short period.

If the economy does slow, and so restrain profit growth, the hope is that earnings from outside the country will continue to rise as other economies lag behind. Getting on for half the earnings from S&P 500 companies come from abroad. So once the Fed does stop tightening, the bulls argue, the valuation on the market should allow equities to resume their upward path.

On the other hand, construction activity which normally stops in snowy weather, has been able to continue. If last week's Groundhog Day prediction from the weather-forecasting Punxsutawney Phil is anything to go by, an early spring

will add to the confusion. Meanwhile, corporate results are continuing to show strong profit growth. Among last week's crop of better than expected earnings was Ford, which doubled profits in 1994 and predicted continuing growth in 1995 and 1996.

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## Shares march to base rate beat

Philip Coggan tracks a relationship which has a history of ups and downs

Markets, don't you just love them? Only last week, the long-awaited megahit from Glaxo for Wall-

come, the subject of many a trader's prayer, coincided with a 40-point drop in the FT-SE 100 index.

This week, the third rise in base rates since September, coming barely 17 hours after a further increase in US interest rates, pushed the Footsie up 17 points on the day.

Over the week as a whole, Footsie managed a respectable 1.2 per cent rise to 3,694.7 and is only 17 points short of its best for the year.

The rationale behind this apparently perverse market response is, of course, expectations. Traders were expecting base rates to rise half a percentage point; they were braced for the news.

Indeed, had rates not risen, stocks would probably have fallen, since Kenneth Clarke, the chancellor and Eddie George, the Bank of England

governor, would have been perceived as being too soft on inflation.

Nevertheless, it would be a mistake to think that in the medium term, shares can easily shrug off the effect of rising interest rates. Over the past 17 years, base rates have been changed more than 100 times; about once every two months.

Like the Grand Old Duke of York's army, rates have been marched up to the top of the hill in 11 phases when they increased, and marched back down again in 10 spells of decline.

In the 11 periods when interest rates were rising (measured from trough to peak), the FT-SE A All-Share Index managed an average gain of under 2 per cent. During six of those periods, the index fell.

In contrast, during the 10 periods when rates were falling, the index managed an average gain of 22 per cent. The market's preference for declining rates is clear.

Not only do rising rates raise

industry's costs and restrict consumer demand, they also increase the attractions of cash relative to shares.

Yesterday, there were signs that the market might face a further danger: political instability. There was not much sign of it in the Footsie, which was up 35 points on the back of a strong US market.

But both sterling and gilts were weakened by fears that the recent crisis concerning the Northern Ireland peace process might cause the government to fall, if the Ulster Unionists withdraw their support. If that concern grows over the weekend, it is hard to see trading starting in a cheerful mood on Monday.

On the corporate front, once again a Footsie stock was hurt by a profits warning. This time the culprit was the telecoms group Vodafone. The company's subscriber base is still growing fast, but the cost of commissions and subsidies for new handsets will dent this year's profits.



Hard men: Eddie George (left) and Kenneth Clarke

When the news was announced on Wednesday, the shares dropped 3 per cent.

crucial point is this: when the indicator, having fallen below zero, starts to turn up, it is time to buy the market.

In other words, the indicator reveals a point when investors have started to recover confidence after a downturn. According to Marber, the indicator has failed on only one occasion since the Second World War (in 1948); the last signal was in February 1981, when the index was 2,380.4.

The bad news is the Coppock indicator is not giving a buy signal at the moment. But it may be getting ready to do so: the indicator fell below zero in December, dropping even further at the end of last month.

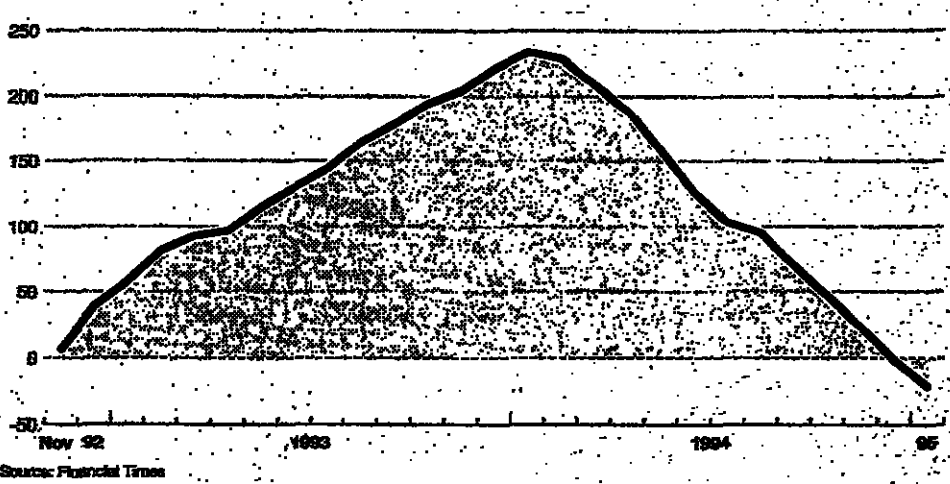
It may take some months before the signal arrives. According to my calculations, Footsie would need to end February at around 3,265 to create a buy signal; quite an advance from its current level.

Perhaps the upturn in the Coppock indicator will coincide with the point at which traders become more optimistic on fundamental grounds because the peak in the interest rate cycle is in sight.

Finally, the publication of BZW's equity-gilt study this week was a reminder that shares can go up as well as down. Over the last 76 years, equities have delivered an average annual return of 11.9 per cent (7.7 per cent in real terms); gilts have earned just 5.7 per cent (1.8 per cent real).

Cash beat both types of assets last year. It has outstripped shares in 30 of the 76 years surveyed. But there have been only 13 occasions when it has beaten equities over five years. Over the long run, shares have proved the best investment.

### Coppock indicator: getting ready for a buy signal?



Source: Financial Times

### Highlights of the week

	Price	Change	52-wk High	52-wk Low	
FT-SE 100 Index	3694.7	+37.5	3820.3	2879.5	Heavy corporate activity
FT-SE Mid 250 Index	3990.2	+8.0	4152.8	3363.4	Second liners overlooked
ACT Group	78	-16	187	78	Profit warning
Benson's Crisps	26	-9	72	18	Placing and open offer
Capehorn Group	23 1/4	+1 1/4	42	17 1/2	Bid approach
Kingfisher	42 1/2	+1 1/2	77 1/2	37 1/2	Break-up talk
Land Securities	57 1/2	+2 1/2	70 1/2	54 1/2	Selective buying
Lloyds	151	+4	169	110 1/2	Takeover speculation
Lloyds Abbey Life	361	+31	471	313	Profits due Wed
Nurich & Peacock	148	+7	232	128	Takeover tapes
Powell Duffryn	48 1/2	-2 1/2	68 1/2	43 1/2	Profit downgrades
SmithKline Beecham A	479	+29	479	367 1/2	Brokers say overvalued
TSB	292	+8	291	197	Takeover speculation
Thorn EMI	1050	+32	1165	959	Rumours of sale speculation
Tomkins	235 1/2	+16	263	202	New York SE listing

Dow Jones Ind Average  
Monday 3,692.08 -25.91  
Tuesday 3,643.26 +117.3  
Wednesday 3,547.56 +5.79  
Thursday 3,570.77 +23.21  
Friday n/a n/a



Barry Riley

## What a difference a year makes

But how long can the US market withstand the pressure?

It is a year since Alan Greenspan, chairman of the US Federal Reserve Board, signalled the end of the bull market by raising short-term interest rates from 3 to 3 1/2 per cent. He was at it again this week, turning the screw gently for the seventh time in 12 months.

Just 18 hours later, British rates followed dutifully, although the increase was only the third in five months.

Even after the latest rise, the Federal rate for funds - now at 6 per cent - is at a less than agonising level by historical standards. After all, this is the same level at which US interest rates bottomed during the previous cycle back in 1986 (when inflation was not much higher than now).

Subsequently, in 1989 US rates peaked at 9 1/2 per cent. In the context of a strong economy, the present dollar interest rates can be regarded only as neutral rather than high.

What a difference a year makes, however. The period of 3 per cent interest rates from late 1992 to early 1994 reflected the pumping of liquidity into the US economy in a vast scale. From there it leaked, then poured out.

At home, the closing of the tap a year ago had a big impact on the bond market: the US Treasury long bond yield has risen from 6.3 to 7.8 per cent. But the main impact has been seen around the

globe. European stock markets, such as the UK and France, are down some 10 per cent (in dollars); the Hong Kong stock market has tumbled by 40 per cent; and Mexico, into which a lot of American money went, has collapsed by around 55 per cent.

Elsewhere, yields on more exotic third world paper - such as Brady bonds, in which US institutions were dabbling in search of return but in peril of their capital - have rocketed. Yet the US stock market has remained immune, being within about 2 percentage points of its level a year ago.

How long can it continue to withstand the pressure? As John Train, the New York money manager and sage, pointed out in these pages a couple of weeks ago, there is an old rule (promoted by legendary investor Edson Gould) that Wall Street will stumble after three successive interest rate hikes.

Why not, then, after five or six, let alone seven? It could be because they have been only small steps, bringing rates up barely to normal levels.

Only now, with certificates of deposit returning about 7 per cent, will US savers be tempted seriously to forsake the stocks and mutual funds into which they began to flee when savings rates dipped towards 3 per cent in 1992.

So far, the Fed's tightening has destroyed only Mexico and the old hedge fund or Orange County treasurer, but its next bazookas, if it chooses to fire them, could be aimed more tellingly at Wall Street.

In the UK, interest rates turned only in September, but they tumbled at a much higher level than across the

**The Fed's next bazookas could be aimed more tellingly at Wall Street**

Atlantic. The further half-point rise has taken money market rates to 6 1/2 per cent.

The Bank of England is the UK's back-stop against inflation, the targeted version of which (retail prices excluding mortgage interest rates, dubbed RPIX) bottomed at 2 per cent last October but is now showing a blip. This rate rose to 2.5 per cent in December, and could hit 2.8 per cent when calculated for January.

Meanwhile, the yield relationships in the gilt-edged market still imply that investors are assuming UK inflation will run at 4 per cent or a little more in the medium

term. This is above the top of the present 1 to 4 per cent target band, let alone the tighter range - perhaps 0 to 3 per cent - which the British treasury and the Bank are said to be mulling over for the next parliament.

There were protests against the rise from industrialists who, judging by last week's Confederation of British Industry industrial trends survey, plan to cause the acceleration of inflation by putting up their prices. Indeed, the latest data - from the Purchasing Managers' Institute - suggests that business growth in manufacturing is already cooling off but output prices are accelerating. There is more justifiable hostility, however, from the mortgage industry, hit by falling house prices.

The trouble is, there are two economies out there in the UK. One, centred on manufacturing (especially for export), has been booming. It has been stimulated by the competitive level of sterling since exiting from the European exchange rate mechanism in 1992. Industrial production rose by more than 5 per cent last year, exports by some 9 per cent.

But the services sector, which is substantially bigger, has been much quieter. As for individuals, with pay inflation less than 4 per cent and taxes rising, real personal

disposable income scarcely rose at all in 1994.

The personal sector, too, is bearing a heavy debt burden from which, unlike the company sector, it has been unable to wriggle since the recession bottomed out three years ago.

There is no single level of interest rates which is suitable for both economies. Data for broadly defined money, M4, which has been growing at about 4 1/2 per cent year-on-year - about 3 per cent slower than money GDP - tells us that overall inflationary pressures are subdued. The blip (the headline RPI inflation rate including mortgage interest could reach 3.5 per cent for January - the highest since late 1992) will be temporary.

The Bank of England, however, wishes to take no risks, except perhaps of overkill. In these times of wobbly currencies, moreover, another half-point might keep sterling steady.

For his part, UK chancellor Kenneth Clarke could reason it is better politically to put rates up now to a level from which they just might in fact come down ahead of the next general election.

To summarise these transatlantic perspectives, I judge that the US economic upturn has more momentum than the British. That means US interest rates ought to be higher. Perhaps, in another 12 months, they will be.

Offshore managed funds are listed in this section, UK managed funds in Section One

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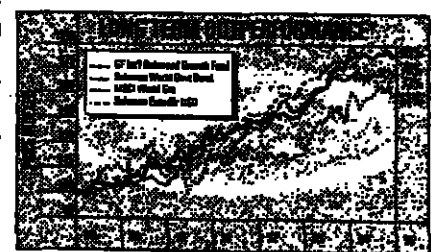
We believe that this is a particularly timely opportunity given that:

- Real bond yields worldwide are currently at high levels and with the recent rise in US and UK interest rates, the opportunity now exists for a significant bond market rally.

- A rise in bond prices should prompt an upward move in equity markets, internationally, given their generally reasonable valuations.

However, to take advantage of these opportunities, requires skill in timing and asset

allocation. Our expertise in this area is proven by the performance of our existing International Balanced Growth Fund. In addition, over the longer term the Fund's balanced approach aims to offer protection from increasingly volatile markets.



The Guinness Flight International Balanced Growth Fund, launched in July 1988, is a roll-up equivalent of the new Global Balanced Growth Fund. It has achieved the key objectives of any balanced fund - the outperformance of cash, bonds and equities at a level of risk well below the average for its sector.

Return to Guinness Flight Fund Managers (Guernsey) Limited, Guinness Flight House, PO Box 250, St Peter Port, Guernsey, GY1 3QH. Tel: 01481 712176. Fax: 01481 712095. Please send me details of Guinness Flight's new Global Balanced Growth Fund.

Title \_\_\_\_\_ Surname \_\_\_\_\_ Initial \_\_\_\_\_

Address \_\_\_\_\_

Country \_\_\_\_\_

\* Starting investment: 100 units, each representing 1/100th of the fund's net assets. The value of the fund's assets will fluctuate. The value of the fund's assets will fluctuate. The value of the fund's assets will fluctuate.

GUINNESS FLIGHT  
GLOBAL BALANCED GROWTH FUND

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